



2016 รายงานประจำปี 2559 ANNUAL REPORT



*In remembrance of
His Majesty King Bhumibol Adulyadej*

*Board of Directors, Management and Staff of
The Thai Bond Market Association*

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ORGANIZATION PROFILE

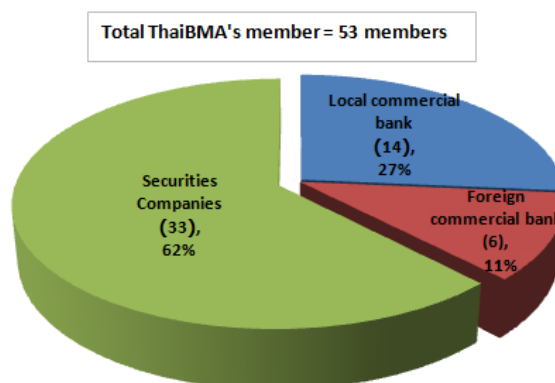
The Thai Bond Market Association (ThaiBMA) is a securities business related association under the Securities and Exchange Commission Act B.E. 2535. Its main purposes are to be a self-regulatory organization (SRO) for a fair and efficient operation of the bond market. ThaiBMA also functions as an information center and pricing agency for the Thai bond market. It takes leading roles on setting market convention, promoting education and market development and provides vehicles for policy dialogue among the industry and other related parties on issues concerning market development.

Mission

- ❖ To establish regulations for bond trading in Thailand with objectives to ensure market standards and efficiency.
- ❖ To encourage fundraising with debt instruments in the primary market and increase liquidity in the secondary market.
- ❖ To be the center of complete and accurate information of debt instruments which serves demand of the stakeholders.
- ❖ To promote knowledge of bond investment and develop professionalism of personnel in Thai bond industry.

Membership

The SEC requires that financial institutions having debt securities dealing license be members of ThaiBMA. Membership of ThaiBMA is classified into 3 types; 1) Ordinary member 2) Extraordinary member (open for inter-dealer brokers/IDB) and 3) Associate member (open for dealers who remain inactive i.e trading value less than 100 million baht a month). As of December 2016, ThaiBMA's members total 53 members, consist of 47 ordinary members, 4 extraordinary members and 2 associate members.



Roles and functions

ThaiBMA plays functional roles in four main areas;

(1) Self-Regulatory Organization (SRO)

ThaiBMA oversees and monitors the conduct of its members in order to ensure fairness and efficiency in debt securities trading. It is committed to retaining the confidence of its members, regulators and investors. SRO tasks comprise of the following:

1. Act as the front line regulator to detect any fraud or unfair trading practices by performing intraday market monitoring and post-trade surveillance.
2. Executing onsite and offsite inspection to ensure that members comply with relevant laws and regulations.
3. Establish Ethics and Code of Conduct for members and traders.
4. Issuing rules and guidelines regarding debt securities trading and good market practice.
5. Responsible for bond trader examination and registration and provide them with ongoing education to enhance their professionalism.
6. Implement disciplinary actions and enforcement procedure.

(2) Bond Information Center and Pricing Agency

Mandated as the sole information center and pricing agency for the bond market, ThaiBMA is an authorized source for Thai bond market data. It disseminates information on both the primary and secondary market through its website www.thaibma.or.th and www.ibond.thaibma.or.th. The website consists of trading information, bond features, reference yield and relevant market news and regulatory updates.

On the role of “Bond Pricing Agency”, ThaiBMA provides daily mark-to-market prices for investors. For actively-traded bonds, the mark-to-market prices are based on trading and quotation information. For illiquid debts securities and structured bonds, ThaiBMA developed model yield to be used as fair prices and references for investors.

(3) Market Convention and Standard

As trading in the bond market is mainly over-the-counter rather than on an exchange, ThaiBMA serves to enhance standards within the marketplace through extensive consultation with market participants. Example of convention and standards issued by ThaiBMA are as follow:

- ❖ Establishment of symbols for bonds and short-term debt securities. The ThaiBMA symbols have been widely recognized and become common standard in the market.
- ❖ Standard formula for price / yield calculation for various types of bonds. This helps eliminate discrepancies arising from employing different practices and to be in line with the international standards.
- ❖ Bond registration standards that meet international practices.

(4) Market Development and Education

As part of ThaiBMA’s commitment to enhancing market development and professional practice, ThaiBMA has developed and implemented several key information essential for market development as follows:

- ❖ Yield Curve and Benchmark Bonds. ThaiBMA provides information to the public on the government bond yield curve and benchmark bonds on a daily basis through website and newspaper.
- ❖ Market Education and Promotion. To expand investor understanding of the bond market, ThaiBMA provides extensive seminars and training programs for market participants and the general public. It also produces a comprehensive range of publications for the benefits of those involved in the bond market.
- ❖ Financial data innovation. ThaiBMA has initiated financial data innovation such as Bond indices, Zero coupon yield curve, credit spread curve, key rate duration, bond portfolio analysis, Value-at-Risk (VaR) as additional tools for bond investment and portfolio management.

THAIBMA'S BOARD OF DIRECTORS 2016

Name	Position	Organization
1. Pisit Leeahtam, Ph.D.	Chairman	The Thai Bond Market Association
2. Mr. Pakhawat Kovithvathanaphong	Chief Executive Officer	Trinity Securities Co.,Ltd.
3. Mr. Singha Nikornpun	Vice Chairman, Independent Director	The Thai Bond Market Association
4. Mrs. Suchada Sodthibhaphkul	Managing Director	KGI Securities (Thailand) PLC.
5. Mr. Narin Opamuratawongse	Executive Vice President, Investment Banking Group	Bangkok Bank PLC.
6. Mr. Sutee Losoponkul	First Executive Vice President	CIMB Thai PLC.
7. Somjin Sornpaisarn, Ph.D.	Chief Executive Officer	TMB Asset Management Co.,Ltd.
8. Mr. Thiti Tantikulanan	Capital Market Business Executive	Kasikorn Bank PLC.
9. Mr. Pisal Kattiyothaivong	Executive Director, Country Head of Debt Capital Markets	United Overseas Bank (Thai) PCL.
10. Mr. Sukkawat Prasurtying	Chief Investment Officer	AIA Thailand Co.,Ltd.
11. Mr. Tada Phutthitada	President	The Thai Bond Market Association
Advisors to the Board of Directors		
1. Ms. Vachira Arromdee	Assistant Governor, Financial Markets Operations Group	The Bank of Thailand
2. Mr. Suwit Rojanavanich	Director General	Public Debt Management Office, Minsitry of Finance

AUDIT COMMITTEE REPORT FOR 2016

To Member and Stakeholders,

The Audit Committee of the Thai Bond Market Association ("the Association") consisted of 4 members of the Board of Directors as followed; Mr. Singha Nikornpun as Chairman, Mrs. Suchada Sodthibwwhapkul, Mr. Thiti Tantikulanan and Mr. Win Phromphat (Until 25th April, 2016), Mr. Sukawat Prasertying (from 1st June, 2016) as member. Mr. Santiporn Wongpanchalert, Internal Auditor, served as the Committee Secretary.

The Audit Committee was appointed by and accountable to the Board of Directors. The Committee performed its duties as set forth in the Audit Committee Charter.

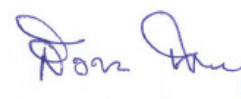
The Committee met four times in 2016 and the issues discussed and reviewed in the meetings can be summarized as followed:

- ❖ Reviewed the annual financial statements for the year 2015 for the submission to the Board of Directors and the Annual General Meeting (AGM);
- ❖ Selected the external auditor for the year 2016 and considered the fee for the submission to the Board of Directors and the Annual General Meeting (AGM);
- ❖ Reviewed and approved the 2017 internal audit plan. The Audit Committee also reviewed the audit results and provided recommendations for more efficient operations and proper control system;
- ❖ Reviewed the interim financial audit results by Dharmniti Auditing Company Limited;
- ❖ The Audit Committee also followed up on the progress and results of the risk management activities and provided recommendations for effective risk management procedure.

Based on information provided by the management, the Committee is confident that the Association's internal control and risk management are adequate and proper.

The Committee has exercised independent discretion and expressed its opinions in the best interest of the Association.

The Committee also provided necessary advice and recommendations so that the Association followed good corporate governance practices. This will certainly lay a strong foundation for the Association to achieve stable and sustainable growth and earn recognition and trust from members and stakeholders, in line with the spirit of the SRO, as well as the Information Center of the Thai bond market.



(Mr. Singha Nikornpun)

Chairman of the Audit Committee

March 13, 2017

GOOD CORPORATE GOVERNANCE FRAMEWORK

The Thai Bond Market Association (ThaiBMA) realizes the importance of adherence to the good corporate governance principles. It is fully confident that good corporate governance is an essential factor that promotes the efficiency and effectiveness of the Association's operations in achieving its goal and mission, and lays a foundation for the organization to attain solid and sustained growth by pursuing its operations with strong ethical standards and compliance with relevant laws and regulations. Moreover, good corporate governance also enhances the creditability and trustworthiness of the Association among stakeholders.

Chapter 1: Corporate Governance Policy

The Board of Directors of the ThaiBMA has set forth good corporate governance policy which is in line with the vision and mission of the Association. The policy covers principles of good corporate governance including the Structure and Responsibilities of the Board of Directors, the Roles and Responsibilities of the ThaiBMA, Risk Management and Internal Control, Relationships with Stakeholders, Business Ethics, and Prevention of Conflicts of Interest.

The ThaiBMA has publicly disclosed the corporate governance principles to its stakeholders. The principle has also been communicated to all directors, executives and staffs to ensure understanding and compliance. Proper oversight and monitoring activities have been undertaken to ensure compliance with the policy. The policy has been reviewed and adapted from time to time in order to cope with the ever-changing environment.

Chapter 2: The Board of Directors and Committees

1. The Board of Directors of the ThaiBMA

According to the ThaiBMA's Articles of Association, the structure and composition of the Board of Directors are as follows:

(1) Structure of the Board of Directors

The Board of Directors shall comprise a maximum of 11 members. This includes a Managing Director who is a director by position and the other directors who are elected by the ordinary and extraordinary members of the ThaiBMA as representatives of members and stakeholders in the Thai bond market in conformation with the role of the ThaiBMA as a Self Regulatory Organization (SRO). At least three out of

the eleven members of the Board of directors must be independent directors who are not executive directors, managing directors, persons who have authorities in the management, staff, or employees of the ordinary and extra-ordinary members; or major shareholders of these members. The independent directors shall be in office for a term of 3 years.

(2) Roles and Responsibilities of the Board of Directors

The Board of Directors has the responsibilities to set out policies and strategies of the ThaiBMA in accordance with the Association's objectives, Articles of Association, and the resolution of the General Meeting of Members; to supervise the President and executives of the Association to ensure compliance with the Board of Directors' policy guidelines; to determine and approve the rules, regulations, notifications, orders, as well as the Code of Conduct of the Association; to consider the acceptance or revocation of membership; to consider the punishment of members or related persons who violate the rules, regulations, notifications, orders, as well as the Code of Conduct of the Association; and to consider the appointments of committees and advisors of the Association.

(3) Board Meetings and Meeting Quorum

The ThaiBMA officially arranges the Board meetings once a month with a pre-set schedule throughout the year. The Board of Directors may also hold special meetings occasionally as it deems appropriate. The ThaiBMA shall arrange to send a meeting notices, agenda, and related documents to each Board member at least 7 days in advance in order to allow sufficient time for each director to study the matters prior to the meeting. In case of emergency, the related documents may be sent less than 7 days in advance of the meeting.

All directors are able to express their opinions openly and liberally. Each item of agenda and resolution are recorded in writing and minutes of the meetings which have been endorsed by the Board of Directors are maintained at the Association for examination by directors and related parties.

2. The Audit Committee

The ThaiBMA strictly adheres to good corporate governance practices and has accordingly appointed an Audit Committee to monitor and supervise the operations of the Management to ensure that the Association is operated in accordance with rules and code of ethics under an efficient and effective internal control system. The Audit Committee shall

consist of at least 2 independent directors and shall be in office for a term same as director.

(1) Roles, Duties and Responsibilities

The Audit Committee has the tasks and responsibilities to review the financial statements of the Association to ascertain that the statements are accurate and disclose sufficient information; to review the Association's operation to ensure that there are appropriate internal control and audit systems; to request information, comments and explanations from the Association's executives, external auditors, and related persons as well as performing any other tasks as assigned by Board of Directors.

The Audit Committee shall prepare the Audit Committee's report containing opinions about the accuracy, completeness, and reliability of the annual financial statements; the adequacy of internal control system; the appointment of external auditor; the compliance with related laws and regulations; as well as the opinion pertaining to any reports that should be disclosed to the members under the scope of responsibilities assigned by the Board of Directors.

(2) Meeting of the Audit Committee

During each Audit Committee's meeting, the agenda is set in advance and related documents are circulated to members of the Audit Committee and other participants at least 7 days in advance to allow sufficient time to study the matters or request for supporting information.

The Audit Committee's meetings are normally held at least 4 times per year. The Chairman of the Audit Committee may call a special meeting upon request of the members of the committee, the external auditors, or the Chairman of the Board of Directors to jointly consider essential matters.

Chapter 3: Subcommittees

The ThaiBMA has appointed a number of subcommittees to consider and provide recommendations on the Association's operations as assigned by the Board of Directors. The appointed Subcommittees are as follows:

❖ **Market Practice Subcommittee;** to consider and provide recommendation on standard of practices in the bond market in various aspects in order for the market to be efficient, appropriate and be on par with international standard, including advice and suggest a guideline for determination of fair price of debt instrument. The Committee shall consist of representatives of Members, Board, the SEC, Bank of

Thailand, Federation of Accounting Professions, The Association of Investment Management Companies, Mutual Fund Supervisors, Managing Director, and honorary committees from various sectors;

❖ **Market Regulation Subcommittee;** to consider and provide recommendation to establish and expand the roles of the Association as Self Regulatory Organization, as well as recommending ways to promote ethics and standard of good practice of the bond market and traders. The committee shall consist of representatives of Members, Board, the SEC, Bank of Thailand, Federation of Accounting Professions, The Association of Investment Management Companies, and honorary committees from various sectors;

❖ **Market Information Subcommittee;** to consider and recommend ways to promote and expand the roles of the Association as the information center for debt instruments and to promote efficiency in bond information management to be able to cope with the needs of the market participants. The Subcommittee shall consist of Members, the Board, the SEC, Bank of Thailand, CRA, the Association of Investment Management Companies, and honorary committees from various sectors;

❖ **Investment Subcommittee;** to determine a policy, to provide recommendation on a guideline of investment management for the Association, to evaluate a performance of private fund manager for the Association, and to consider modifying rules and regulations relating to investment of the Association. The Subcommittee shall consist of 3 Board members and Managing Director;

❖ **Disciplinary Subcommittee and Appeal Subcommittee;** The Disciplinary Subcommittee shall have the responsibility to consider the charge and mete out punishment to the Members and bond traders who commit or take part in the breach of rules and regulations of the Association. The Committee shall consist of 5 members consisting of 2 Directors representing the Association and at least 3 members from non-member companies comprising of one expert in securities business and one expert in law.

The Appeal Subcommittee shall have the responsibility to consider appeal procedure and consider any other issue exceeding to the power of the Disciplinary Subcommittee. The Subcommittee shall consist of 5 persons consisting of one Board member and at least 3 qualified professionals who shall not be representatives from the Member

companies. The qualified professionals shall each be law, finance, accounting and securities business expert and shall be approved by the SEC;

❖ **The Nominating and Remuneration Subcommittee;** to consider and provide recommendations on the compensation policy and the remuneration for the Board of Directors, committees, and Managing Director in order to align with the performance of the Association and market situation. This includes advices on human resources management policy of the Association.

The Subcommittee shall consist of at least 3 Board members.

Chapter 4: Selection and Remunerations of the Committees and Subcommittees

The selection and screening of members of the Board of Directors and top management as well as the selection and appointment of members of the committees and the President of the ThaiBMA shall be in accordance with the resolution of the Board of Directors. In addition, the Board has the tasks to review the remuneration structure of top management as well as to consider and provide recommendations or opinions pertaining to the policy of remunerations and other benefits of the Association. The remunerations for members of the Board of Directors, the Audit Committee and Committees as follows:

(1) Remunerations for the Board of Directors

The remuneration for the Board of Directors is in accordance with the resolutions of the annual ordinary meeting of the members. The monthly remunerations for the Chairman of the Board and members of the Board are set at Baht 50,000 and Baht 10,000 respectively. In addition, both the Chairman of the Board and each member of the Board are entitled to an attendance fee of Baht 10,000 per meeting

(2) Remunerations for the Audit Committee

According to the resolution of the Board of Directors, the remunerations to the Audit Committee shall only be in the form of meeting attendance fees. In this respect, the Chairman of the Audit Committee is entitled to a fee of Baht 12,000 per meeting whereas each member of the Audit Committee is entitled to a fee of Baht 8,000 per meeting.

(3) Remunerations for the Nominating and Remunerations Subcommittee and Investment Subcommittee

According to the resolution of the Board of Directors, the Chairman of the committee is entitled to a fee of Baht 12,000 per meeting whereas each member of the Subcommittee is entitled to a fee of Baht 8,000 per meeting.

(4) Remunerations for other Subcommittees

Other subcommittees of the Association are Market Practice Subcommittee, Market Regulation Subcommittee, Market Information Subcommittee, Disciplinary Subcommittee, and Appeal Subcommittee. The Board of Directors has resolved to pay the remunerations to each member of each Subcommittee in the form of meeting fee. The Chairman of each Subcommittee is entitled to a fee of Baht 4,000 per meeting whereas each member of each committee is entitled to a fee of Baht 3,000 per meeting.

Chapter 5: The Role of the ThaiBMA

The ThaiBMA is licensed to operate as a securities business related association under the Section 230 of the Securities and Exchange Commission Act B.E. 2535 (1992), with the objectives to be the SRO and promote the Thai bond market development. The key functional roles of the ThaiBMA are as follows:

(1) Self-Regulatory Organization (SRO)

❖ Performing market monitoring and surveillance to ensure that all trading activities are in compliance with relevant laws and regulations as well as to prevent any unfair trading practices.

❖ Examining trading reports and disclosing information about bond trading in order that the market can use such information for reference in investment decision-making.

❖ Setting forth code of ethics and standard of good market practice on secondary bond market; issuing rules and guidelines for member supervision; and determining enforcement procedure and penalty provisions against those who act in breach of relevant rules and regulations to ensure fair trading. The regulations and notifications issued by the Association are carefully scrutinized and discussed by related committee before submitting for the Board of Directors' approval. Hearings are held before submitting for the Board of Directors' approval every

time when the issuance of notification or any amendments thereof may have impact on the members. Moreover, any issuance of or amendment to notification relating to bond registration fees which has been approved by the Board of Directors must also be approved by the Office of the Securities and Exchange Commission (SEC) before coming into effect.

- ❖ Arranging bond trader examination and registration. The examination covers both professional skills as well as code of ethics in an attempt to enhance professionalism of market practitioners.

(2) Market Convention and Standard

In order to enhance standards within the marketplace, major convention and standards issued by ThaiBMA are as follows:

- ❖ Standard formula for price/yield calculation for various types of bonds.

- ❖ Symbols for bond and short-term debt securities.

- ❖ Bond registration standards.

- ❖ The Thailand Annex of Global Master Repurchase Agreement which incorporates the supplemental terms and conditions for Thai domestic transactions.

- ❖ Market operational guidelines in case of emergency holidays.

(3) Bond Information Center and Services

- ❖ Accepting registration for both government and private debt securities. The objective is to promote efficiency and transparency in disclosing, monitoring and verifying information related to the debt securities and their issuers.

- ❖ Acting as center for compilation and dissemination of bond related information via various channels including basic information of debt securities in the primary market and trading data in the secondary market, reference yields of different types of debt securities, analysis for investment, as well as investment news.

- ❖ Acting as a Bond Pricing Agency to disseminate reference yields for investors especially mutual funds for the purpose of mark to market.

(4) Market Development and Education

- ❖ Yield Curve and Benchmark Bonds. ThaiBMA provides information to the public on the government bond yield curve and benchmark bonds on a daily basis through website and newspaper.

- ❖ Preparation and dissemination of documents, publications, electronic medias, text books, and innovative knowledge to enhance knowledge and understanding about the bond market and standards of business ethics.

- ❖ Market Education and Promotion. To expand investor understanding of the bond market, ThaiBMA provides extensive seminars and training programs for market participants and the general public. It also produces a comprehensive range of publications.

- ❖ The ThaiBMA strictly adheres to good corporate governance practices in taking the roles of bond market's SRO and bond information center in order to assure the stakeholders that the market is supervised and treated in a fair and equitable manner.

Chapter 6: Relationships with Stakeholders

Board of Directors of The ThaiBMA realizes importance of relationships with stakeholders and places emphasis on the rights of all stakeholders based on fair and equitable treatment as follows:

(1) Regulatory bodies and supporting government agencies

The ThaiBMA acts in compliance with relevant laws and regulations promulgated by the regulators and is ready for inspection at every process of its operations. The Association gives due regard to administration with integrity, transparency, and efficiency in order to attain the mandated mission; facilitating the nation's economic development; and preventing any possible conflicts of interest.

(2) Members

Members of the ThaiBMA are supervised and treated on a fair and equitable manner. Besides, the arbitration process is arranged to settle any disputes which may arise as a result of trading activities between members and their counterparties to ascertain that the disputes are resolved with fairness.

(3) Bond Issuers

The ThaiBMA promotes fund mobilization through issuance of debt instruments which is deemed as an alternative for lower cost of financing. Fund raising via bond issuance will enable issuers to manage their financial positions more efficiently. In this regards, the ThaiBMA regularly and consistently organizes seminars and trainings for prospective issuers to enhance their understanding about the method and process of bond issuance as well as related rules and regulations.

(4) Information users

The ThaiBMA realizes the importance of those who use data and information for analysis and supporting investment decision making. Accordingly, the Association has consistently developed and upgraded the efficiency in rendering information services in terms of format, content quality and dissemination channels. The ThaiBMA's website which serves as the main channel for information dissemination has been well recognized by international circles and cited as the most comprehensive website for domestic bond information.

(5) Employees

The ThaiBMA places emphasis on the quality of life of its employees and is committed to create a favorable and pleasant working environment in order to maintain quality staffs with the organization. Moreover, the Association provides its employees with strong supports and opportunities for knowledge and skills development to ensure their maximum work efficiency.

(6) The Society

The Association bears in mind its role and responsibility to the society, hence contributing to charitable activities. In particular, it acts as a major organization in disseminating information and knowledge related to the Thai bond market.

The ThaiBMA also puts emphasis on educational activities to promote knowledge and pays due regard to information disclosure to ensure that all stakeholders, including its members, investors, non-member securities companies, students and academics, as well as the general public are provided with accurate, sufficient, and timely information for decision making. The efforts of the ThaiBMA in this regard are as follows:

1. Providing of information via websites of the Association, namely, www.thaibma.or.th and www.ibond.thaibma.or.th

2. Arranging for the arbitration procedure and complaint process. The website <http://www.thaibma.or.th/sro/complain.html> is designated as a channel to receive complaints from investors and related parties to ascertain that all complaints, disputes, and any shortcomings are properly handled and all parties concerned are treated with fairness.

3. Organizing of annual "ThaiBMA Best Bond Awards" ceremony to promote development of the Thai bond markets on various aspects as well as to enhance quality and professionalism of institutions involving in market transactions which is essential for the consistent and vigorous development of domestic bond market.

Chapter 7: Risk Management and Internal Control

The Association recognized the importance of risk management and internal control systems, thus establishing the Association's risk management policy and framework which is in accordance with international enterprise risk management (ERM) principles. The ThaiBMA has also implemented the risk management structure within the organization by setting up a Risk Management Working Group, and operational systems and internal management processes of the Association have been developed to ensure that the risk management process is implemented efficiently and covers all key risk factors.

Regarding to internal control, the Association provides an annual internal audit which covers all main departments by sending a report of an internal audit result to the Audit Committee to ascertain that there are efficient operations and sufficient internal control systems.

In addition, the Association provides policies and regulations relating to internal control such as Chinese wall policy in order to prevent insider information and places great emphasis on a security of information technology system, bond information database, and backup data as well as a security of computer system to ascertain the efficiency of data processor and accuracy.

The Association also provides Disaster recovery Plan and Alternate Site for emergency incidents as well as Business Continuity Plan to ascertain that the operation system especially in the part of services for the third party is able to continue to operate in any incident.

insider information, and the ThaiBMA's Regulation on guidelines for seconding and transfer of employees to other departments, etc.

Chapter 8: Business Ethics

The ThaiBMA is fully confident that the adoption of code of conduct and business ethics is fundamental factor for the promotion and upgrading of good corporate governance. The Board of Directors has granted approval to the Association's code of conduct which sets out the operational guidelines for directors, executives and staffs to pursue in carrying out their duties and responsibilities according to good corporate governance principles.

The code of conduct is published in the form of hard copy for distribution to directors, executives and employees. Every employee shall sign off to acknowledge the receipt of the code of conduct handbook and be committed to act in compliance with the said code of conduct which provides the framework for the ThaiBMA's standard of practice. The Association also assigns a responsible person to continually monitor results of operations and update the said code of conduct from time to time.

Chapter 9: Conflicts of Interest Prevention

The Association realizes the importance of avoiding any potential bias or event that would lead to a conflict of interest. The policy of conflict of interest prevention is clearly stated in the code of conduct such that the directors, executives and employees are forbidden from entering any transactions that might lead to conflicts of interest with the Association. In case where there is a conflict of interest, due regard should be paid to the benefit of the Association and disclosure must be made to the Board of Directors, or the President or the superior and immediately reported to the Department of Regulations and Compliance.

In addition, the ThaiBMA has issued a number of notifications and regulations in an attempt to prevent conflicts of interest, for instance, the ThaiBMA's Notification regarding investment in or holding of securities by its executives and staffs, the ThaiBMA's Notification regarding information confidentiality and

ANNEX

The composition of the Board of Directors, the Audit Committee and Committees of the ThaiBMA and their attendance for meetings during 2016 were as follows:

1. Board of Directors

No.	Name	Position	Term in Office	Attendance of meeting
1.	Pisit Leehtam, Ph.D.	Chairman of the Board and Independent Director	May 14–Apr 17	11/12
2.	Mr. Pakhawat Kovithvathanaphong	Director	May 14–Apr 17	11/12
3.	Mr. Singha Nikornpun	Independent Director	May 14–Apr 17	12/12
4.	Mr. Narin Opamuratawongse	Director	May 15–Apr 18	11/12
5.	Mr. Thiti Tantikulanan ⁽¹⁾	Director	May 16–Apr 19	10/12
6.	Mrs. Suchada Sodthibhakupul	Director	May 14–Apr 17	10/12
7.	Mr. Sutee Losoponkul ⁽¹⁾	Director	May 16–Apr 19	10/12
8.	Mr. Pisal Kattiyothaivong ⁽²⁾	Director	5 July 16–Apr 18	6/6
9.	Mr. Sukkawat Prasurtying ⁽³⁾	Independent Director	May 16–Apr 19	8/8
10.	Somjin Sornpaisarn, Ph.D.	Independent Director	May 15–Apr 18	11/12
11.	Mr. Tada Phutthitada	Managing Director	17 May 14–May 18	12/12
12.	Ms. Vachira Arromdee	Advisor to the Board		5/12
13.	Mr. Suwit Rojanavanich	Advisor to the Board		11/12
	Retired Director			
1.	Mr. Win Phromphaet	Independent Director	May 13–Apr 16	4/4
	Resigned Director			
1.	Mr. Prakob Phiencharoen	Director	May 15–19 May 16	4/6

Remarks :

- (1) Mr. Sutee Losoponkul and Mr. Thiti Tantikulanan completed their term of office and was re-elected by the Ordinary General Meeting of Members on 26 April 2016.
- (2) Mr. Pisal Kattiyothaivong was appointed as the new director to replace Mr. Prakob Phiencharoen who resigned from Board of Directors
- (3) Mr. Sukkawat Prasurtying was elected as the new independent director to replace Mr. Win Phromphet who completed his term by the Ordinary General Meeting of Members on 26 April 2016.

2. Audit Committee

No.	Name	Position	Term in Office	Attendance of meeting
1.	Mr. Singha Nikornpun	Chairman of Audit Committee and Independent Director	June 16–May 19	4/4
2.	Mr. Sukkawat Prasurtying (1)	Audit Committee and Independent Director	June 16–May 19	3/3
3.	Mrs. Suchada Sodthibhaphkul	Audit Committee and Director	June 16–May 19	4/4
4.	Mr. Thiti Tantikulanan (2)	Audit Committee and Director	June 16–May 19	4/4
	Retired Director			
1.	Mr. Win Phromphaet	Audit Committee and Independent Director	June 13–Apr 16	1/1

Remarks :

- (1) Mr. Sukkawat Prasurtying was appointed as the new audit committee to replace Mr. Win Phromphaet who completed his term
 (2) Mr. Thiti Tantikulanan was re-appointed as the audit committee by the Board of Directors Meeting on 19 May 2016

3. Investment Subcommittee

No.	Name	Position	Term in Office	Attendance of meeting
1.	Mr. Sutee Losoponkul(1)	Chairman of Investment Committee and Director	June 16–May 19	4/4
2.	Somjin Sornpaisarn, Ph.D.	Investment Committee and Independent Director	June 16–May 19	3/3
3.	Mr. Narin Opamuratawongse	Investment Committee and Director	June 16–May 19	3/4
4.	Mr. Tada Phutthitada	Investment Committee and Director	June 16–May 19	4/4

Remarks :

- (1) Mr. Sutee Losoponkul was re-appointed as the investment committee by the Board of Directors Meeting on 19 May 2016

4. Nominating and Remunerations Subcommittee

No.	Name	Position	Term in Office	Attendance of meeting
1.	Mr. Pakhawat Kovithvathanaphong	Chairman of Nominating and Remunerations Committee and Director	June 16–May 19	4/4
2.	Mrs. Suchada Sodthibhapkul	Nominating and Remunerations Committee and Director	June 16–May 19	4/4
3.	Mr. Pisal Kattiyothavong ⁽¹⁾	Nominating and Remunerations Committee and Director	5 July 16–May 19	4/4
	Resigned Director			
1.	Mr. Prakob Phiencharoen	Nominating and Remunerations Committee and Director	1 May 15–July 16	1/1

Remarks :

- (1) Mr. Pisal Kattiyothavong was appointed as the new nominating and remunerations sub-committee to replace Mr. Prakob Phiencharoen who resigned from the Board of directors on 19 May 2016.

5. Market Practice Subcommittee

No.	Name	Position	Organization
1.	Mr. Tada Phutthitada	Chairman	Managing Director [ThaiBMA]
2.	Somjin Sornpaisarn, Ph.D.	Committee	Board of Director [TMB Asset Management Co.,Ltd.]
3.	Ms. Korakot Phinijphongphan	Committee	Securities and Exchange Commission
4.	Ms. Vilada Meeyam	Committee	Bank of Thailand
5.	Ms. Chaovana Viwatpanachati	Committee	Representative from Federation of Accounting Professions
6.	Mr. Vasin Vanichvoranun	Committee	Association of Investment Management Companies
7.	Prof. Anya Khanthavit, Ph.D.	Committee	Thammasat University
8.	Mr. Yingyong Nilasena	Committee	Government Pension Fund
9.	Mr. Tachaphol Kanjanakul	Committee	Representative from Member [Government Saving Bank]
10.	Mr. Worapoj Peerawit	Committee	Representative from Member [TMB Bank PLC.]
11.	Mr. Chaicharoen Khotsombat	Committee	Representative from Custodian Club [CIMBTHAI PLC.]
12.	Mrs. Jeeraphat Pimantip	Committee	Representative from Member [Asia Plus Securities PLC.]
13.	Ms. Sarinthorn Suree	Committee	Representative from Member [CIMB Thai PLC.]
14.	Mr. Punya Pongsanarakul	Committee	Representative from Member [BNP PARIBAS, Bangkok Branch]
15.	Mr. Trin Indraopas	Committee	Securities Business Expert
16.	Mr. Surat Chiracharasporn	Secretary	ThaiBMA

6. Market Regulation Subcommittee

No.	Name	Position	Organization
1.	Mr. Singha Nikompun	Chairman	Board of Director [ThaiBMA]
2.	Mr. Tada Phutthitada	Committee	Managing Director [ThaiBMA]
3.	Ms. Korakot Phiniijhongphan	Committee	Securities and Exchange Commission
4.	Mrs. Vanaporn Laksanasut	Committee	Bank of Thailand
5.	Mr. Vasin Vanichvoranun	Committee	Association of Investment Management Companies
6.	Ms. Ladawan Yasothorn	Committee	Representative from Member [Standard Chartered Bank(Thailand) Co., Ltd.]
7.	Mr. Sorasit Naddhabhan	Committee	Representative from Member [CITIBANK, N.A.]
8.	Mr. Teerapol Rattakul	Committee	Representative from Member [Siam Commercial Bank PLC.]
9.	Mr. Vorachai Vudthithornnatirak	Committee	Representative from Member [Kasikorn Bank PLC.]
10.	Mr. Apichart Tungkiatsilp	Committee	Representative from Member [KGI Securities PLC.]
11.	Mr. Supakit Jirapraditkul	Committee	Legal Expert [Stock Exchange of Thailand]
12.	Ms. Suwannee Limpanavongsaen	Committee	Representative from Compliance Club [Trinity Securities Co.,Ltd.]
13.	Ms. Niyada Seneemanomai	Committee	Representative from Social Security office
14.	Mr. Trin Indraopas	Committee	Securities Business Expert
15.	Mr. Aongart Charoensirisophak	Secretary	ThaiBMA

7. Market Information Subcommittee

No.	Name	Position	Organization
1.	Pisit Leeahtam, Ph.D.	Chairman	Board of Director [ThaiBMA]
2.	Mr. Tada Phutthitada	Committee	Managing Director [ThaiBMA]
3.	Ms. Duangdao Pantoomvanich	Committee	Securities and Exchange Commission
4.	Ms. Penluk Lothuvachai	Committee	Bank of Thailand
5.	Mr. Vasin Vanichvoranun	Committee	Association of Investment Management Companies
6.	Ms. Watana Tiranuchit	Committee	Representative from Credit Rating Agency [TRIS Rating Co.,Ltd.]
7.	Mr. Anucha Laokwansatit	Committee	AIA Thailand
8.	Ms. Pataravasee Suvarnsorn	Committee	Thailand Securities Depository
9.	Ms. Orathai Lumlerdsuppanyu	Committee	Representative from Member [Bangkok Bank PLC.]
10.	Mr. Tawatchai Pramualcharoenkij	Committee	Representative from Member [Krung Thai Bank PLC.]
11.	Mrs. Anchalee Sukpatrapirom	Committee	Representative from Member [UOB Bank PLC.]
12.	Mr. Adisak Teeramasvanich	Committee	Representative from Member [HSBC Ltd.]
13.	Mrs. Duangrat Watanapongchat	Committee	Representative from Member [KT ZMICO Securities Co.,Ltd.]
14.	Mr. Decha Ngamthanaphaisarn	Committee	Representative from Custodian Club [Kasikorn Bank PLC.]
15.	Mr. Trin Indraopas	Committee	Securities Business Expert
16.	Mrs.Sirinart Amornthum	Secretary	ThaiBMA

8. Disciplinary Subcommittee

No.	Name	Position	Organization
1.	Somjin Sornpaisarn, Ph.D.	Chairman	Board of Director
2.	Mr. Santi Kiranand, Ph.D.	Committee	Securities Business Expert
3.	Mr. Weerachote Jirabowornpongsa	Committee	Securities Business Expert
4.	Mr. Sukkawat Prasurtying	Committee	AIA Thailand Co.,Ltd.
5.	Mr. Sakares Khamwalee	Secretary	ThaiBMA

9. Appeal Subcommittee

No.	Name	Position	Organization
1.	Mr. Singha Nikompun	Chairman	Board of Director
2.	Mr. Suwit Rojanavanich	Committee	Securities Business Expert
3.	Mrs. Alisara Mahasandana	Committee	Securities Business Expert
4.	Mr. Supakit Jirapraditkul	Committee	Legal Expert [Stock Exchange of Thailand]
5.	Prof. Prawit Nilsuwannakul, Ph.D.	Committee	Finance & Accounting expert
6.	Ms. Ariya Tiranaprakij	Secretary	ThaiBMA

10. Corporate Bond Market Development Subcommittee

No.	Name	Position	Organization
1.	Mr. Tada Phutthitada	Chairman	Managing Director [ThaiBMA]
2.	Ms. Vachira Arromdee	Committee	Representative from Bank of Thailand
3.	Ms. Nidaporn Assawateerakiat	Committee	Representative from The Securities and Exchange Commission, Thailand
4.	Pakorn Peetathawatchai, Ph.D.	Committee	Representative from Stock Exchange of Thailand
5.	Ms. Asmaporn Panjanavaporn	Committee	Representative from Member [Siam Commercial Bank PLC.]
6.	Mr. Kritchakorn Nontanakorn	Committee	Representative from Member [Krung Thai Bank PLC.]
7.	Ms. Yodrudee Santatikul	Committee	Representative from Member [Asia Plus Securities Co.,Ltd.]
8.	Mr. Thana Phootanakit	Committee	Representative from Member [Kasikorn Bank PLC.]
9.	Mr. Rachada Pruksanubal	Committee	Representative from Member [Tisco BankPLC.]
10.	Mr. Chaicharoen Kodsombat	Committee	Representative from Custodian Club [CIMB Thai BankPLC.]
11.	Ms. Yupawan Sirichainarumitr	Committee	Representative from Thailand Securities Depository Company Limited
12.	Ms. Thiranuch Thampimukvatana	Committee	Representative from Government Pension Fund
13.	Ms. Chompoopen Sirithorn	Committee	Representative from Social Security Office
14.	Mr. Sukkawat Prasurtying	Committee	Representative from Insurance Company [AIA Thailand Co.,Ltd.]
15.	Mr. Win Phromphaet	Committee	Representative from Asset Management Company [CIMB Principal Asset Management]
16.	Mr. Thiraphan Viphaveekul	Committee	Representative from Association of Provident Fund
17.	Ms. Dounporn Prasertsomsuk	Committee	Legal Expert [Clifford Chance (Thailand) Ltd.]

11.Subcommittee on setting Bond Trader standard of knowledge and exam curriculum

No.	Name	Position	Organization
1.	Mr. Tada Phuthitada	Chairman	Managing Director [ThaiBMA]
2.	Ms. Korakot Phinijphongphan	Committee	Representative from The Office of the Securities and Exchange Commission, Thailand
3.	Mr. Siripong Paisarnkongtawee	Committee	Representative from Stock Exchange of Thailand
4.	Mr. Vichai Vorabunpot	Committee	Representative from Member [Bank of Krungsri PLC.]
5.	Ms. Chamaree Suthiphongchai	Committee	Representative from Bank of Thailand
6.	Ms. Watana Tiranuchit	Committee	Securities Business Expert [Tris Rating Co.,Ltd.]
7.	Mr. Vasin Vanichvoranun	Committee	Representative from Association of Investment Management Companies
8.	Mr. Apichartt Tungkiatsilp	Committee	Representative from Member [KGI Securities (Thailand) PLC.]
9.	Ms. Ariya Tiranaprakij	Committee	Senior Executive Vice President [ThaiBMA]
10.	Mr. Surat Chiracharasorn	Committee	ThaiBMA
11.	Mr. Aongart Charoensirisophak	Secretary	ThaiBMA

12. Professional Training Program Revision Sub Committee

No.	Name	Position	Organization
1.	Mr.Tada Phuthitada	Chairman	Managing Director [ThaiBMA]
2.	Ms. Chortip Svetarundra	Committee	Representative from The Office of the Securities and Exchange Commission, Thailand
3.	Mr. Siripong Paisarnkongtawee	Committee	Representative from Thailand Securities Institute
4.	Mr. Watana Tiranuchit	Committee	Securities Business Expert [Tris Rating Co.,Ltd.]
5.	Mr. Surabhan Purnagupta	Committee	Securities Business Expert
6.	Mr. Somchai Sanyalaksiri	Committee	Securities Business Expert
7.	Ms. Ada Ingawanij	Committee	Securities Business Expert [Thai Institute of Directors]
8.	Mr. Arttavit Chalermaphayakorn	Committee	Securities Business Expert [WHA Corporation PCL.]

ThaiBMA 2016 Performance and Activities

Financial highlights

	2016	2015	2014
Total Income	189.1	138.6	157.2
➤ Income from operation	160.1	132.9	120.3
➤ Income from investment	29.0	5.7	36.9
Total Expenses	111.9	86.8	82.7
Income over expense	77.2	51.8	74.5
➤ Net profit from operation	48.2	46.1	37.6
➤ Net profit from investment	29.0	5.7	36.9
Equity	594.2	515.8	463.3
➤ Donated fund	185.5	185.5	185.5
➤ Initial capital from member	29.4	28.2	27.6
➤ Accumulated fund	379.3	302.1	250.2

Performance and Activities

Highlights of 2016

- ❖ All-time high long-term corporate bond issuance amounting to THB 812,988 million, increased by 37% from 2015
- ❖ All-time high long-term corporate bond issuers totaling 205 companies, increased from 156 companies in 2015.
- ❖ Newcomers of long-term corporate bond totaling 81 companies, increased by 26 companies from 2015.
- ❖ Total numbers of securities companies participating in the primary market rose to 16 companies from 5 companies in 2014

Corporate Bond Market Development

With the goal to enhance corporate bond market development for sound and sustainable growth, the Board of Directors approved the strategy and action plan 2016 for “**Corporate bond market development**” focusing on 4 aspects namely; Supply, Demand, Literacy and Infrastructure. Key performance in 2016 can be summarized below

1. Supply

To promote magnitude and diversification of corporate fundraising as well as minimizing impediments of bond issuance, ThaiBMA has involved in a number of activities as follows;

- ❖ MTN Program: Proposed the regulation on A Medium Term Note (MTN) program to facilitate issuers to issue bonds without submitting a full filing form for each offering (on-process of official authorization by the SEC anticipating to take effective in Q2/2017).

- ❖ Cross-border offering: Proposed the amendment of regulation for Thai investors including Institutional and High-Net-Worth (HNW) to be able to purchase foreign currency-denominated bonds directly in primary market.

- ❖ Organized events and seminars for potential issuers in cooperation with strategic partners in Bangkok and other provinces.

2. Demand

- ❖ Expanded investor base in the corporate bond market by organizing seminars to approach new investors.

- ❖ Organized 7 public seminars for retail investors in Bangkok and Songkhla province with over 1,500 participants.

- ❖ Proposed the amendment of regulations to expand investor base.

- Proposed a requirement of intermediaries in bond offering to High-Net-Worth (HNW) investors
- Proposed guidelines on Bond Switching procedures to Public Debt Management Office (PDMO), Ministry of Finance

3. Bond Literacy

3.1 Professional Training

ThaiBMA has provided various training courses to promote professionalism of bond market personnel through over 10 sessions of training and workshop throughout the year e.g.

- ❖ Bond Market Analysis I and II
- ❖ Managing Investment Portfolio
- ❖ Value at Risk
- ❖ Bond Regulatory Update
- ❖ Trader Refresher Course
- ❖ Derivatives and its application in Thailand
- ❖ New curriculum: Credit Analysis

3.2 Public Seminar and Knowledge Sharing Seminar

ThaiBMA organized various public events and seminars to enhance the level of financial literacy to bond market personnel, professional investors, individual investors, university students, as well as potential issuers in Bangkok and other provinces such as;

- ❖ Seminar for public investors in Songkhla (300 participants).
- ❖ Seminar for retail investors in Bangkok (450 participants).
- ❖ Training and knowledge sharing session for members of Thai Investor Association on bond investment (20 participants).
- ❖ Joint seminar with International Capital Market Association (ICMA) and Bank of Thailand on “**Basel III and its Impact on the Global Financial Markets**” (120 participants).

- ❖ Joint seminar with CIMB, ASIAMONEY and Credit Guarantee and Investment Facility (CGIF) on **“The 4th Thailand Event for Asiamoney Bond & Treasury Markets Round Table Series”**(100 participants)

- ❖ Joint seminar with Secondary Mortgage Corporation (SMC) on **“Secondary Mortgage Corporation 19 Years 19 Investment Tips”** (50 participants).

- ❖ Joint seminar with Secondary Mortgage Corporation (SMC) , the Ministry of Finance, the Fiscal Policy Office and several affiliates on **“The 3rd ASEAN Fixed Income Summit”**(500 participants).

3.3 Research Paper/MoU

In 2016, ThaiBMA produced 9 research papers e.g. Non-rated Corporate Bond, Bill of Exchange Issuance from various perspectives, Bond ETF, Fin Tech.

In addition,ThaiBMA has signed a Memorandum of Understanding (MoU) for academic cooperation with various universities e.g., Srinakharinwirot University, Mahidol University, Rangsit University, Prince of Songkla University as well as international organization namely International Capital Market Association Limited (ICMA).



3.4 Others

ThaiBMA promoted knowledge on Thai bond market through various distribution channels such as;

- ❖ Money Channel TV program: Activities and contents in the program were improved in order to provide deeper understanding to both issuers (supply side) and investors (demand side) with the total of 35 episodes.

- ❖ Bond Academy 2016 :3-day workshop was held to provide hands-on experiences in Thai bond market to university students.



4. Infrastructure

- ❖ Established Corporate Bond Market Development Subcommittee to discuss an implementation of appropriate corporate bond market structure and landscape which will lead to efficiency, investor protection and market integrity.

- ❖ Improve database system from issue-based to issuer-based information for ease of data search.

- ❖ Develop paperless registration procedure to facilitate issuers in submitting bond registration to ThaiBMA.

ThaiBMA Core Functions

1. Self-Regulatory Organization (SRO)

1.1 Set standard of good market practice by introducing code of conduct for submission of government bond yield quotation.

- ❖ Issued two guidance manuals related to Improper and non-market price trading, Sell and Buy Back transactions.

- ❖ Proposed bond market practice standards and guidelines to the Office of Insurance Commission.

1.2 Promoted understanding of ethics, rules and regulations.

- ❖ Organized training courses for bond traders and compliance, which are Trader refresher course and Bond Regulatory Update.

- ❖ Organized in-house training for new members.

- ❖ Improved bond trader examination procedures which included an improvement of E-testing system, revision of trader examination contents and development of online trader registration system.

1.3 Performed member inspection.

- ❖ On-site inspection of 12 members. Items for inspection based on the nature of the business, customer base, and risks involved with the business of each inspected member were specified in advance.

1.4 Developed trading report system to facilitate dealers which lead to a decrease in late and error reports.

- ❖ Assisted members to mitigate risks of error or late transactions.

- ❖ Introduced automated report system to 2 members for more timely and efficient trading transaction report.

- ❖ Organized 2 training sessions on trading report to 6 potential users.

1.5 Established real-time monitoring system to improve efficiency and ensure all trading activities to comply with laws and regulations.

- ❖ Developed and disseminated real-time trading data including funds flows into the bond market. The information is available free-of-charge on thaibma website under the page “ThaiBMA in Focus” and “Non-resident flows”.

2. Information Center and Pricing

- ❖ Cooperated with market participants to rehearse the mark down process, in case of potential default..

- ❖ Co-initiated with Federation of Thai Capital Market Organizations (FETCO) to develop ThaiBMA-FETCO interest rate sentiment index. The index is constructed by surveying market participants to obtain opinions on anticipated interest rates movement.

- ❖ Improved credit spread curve model by incorporating primary market data.

- ❖ Developed “Advertising Board System” to support real-time communication in pricing quotation among securities companies.

3. Trade Association

Strengthened relationship with ThaiBMA members and stakeholders in Thai Bond Market by hearing the opinions from market participants and supporting them to promote their business.

- ❖ Visited 34 organizations comprising banks, securities firms, asset management companies, saving and credit cooperatives and issuers to receive the feedback regarding ThaiBMA products and service and hearing voice concerns from market participants.

- ❖ Organized various events and public seminars in order to reinforce bond market development, for example, knowledge-sharing seminar in collaboration with International Capital Market Association (ICMA), Best Bond Awards, retail investors seminar and Seminar on Preparation for new bond issuance.

❖ International Cooperation

ThaiBMA has collaborated with related international organizations to organize seminars and knowledge sharing session to broaden understanding and discussing various issues related to bond market investment.

❖ International Capital Market Association (ICMA)

Organized a seminar “**Basel III and its impact on the global financial market**” in cooperation with Bank of Thailand.



❖ ASEAN RISK

Provided assistance on public relations curriculums and prerequisites for events and seminars organizing.

❖ Asia Securities Forum (ASF)

Became a member of ASF and joined AGM 21st held in the Philippines.

❖ Asia Securities Industry and Financial Markets Association (ASIFMA)

Provided assistance on public relations for the event “**ASIFMA Annual Conference 2016**” held in Singapore.

❖ Hosted meetings to exchange opinions and discuss issues on the Thai bond market related aspects with over 14 international organizations. Namely International Monetary Fund (IMF), World Bank, ASEAN Develop Bank Institute (ADB), Moody's Credit Rating Agency, AMRO, UBS, JP Morgan, SMBC, Daiwa Securities, Euroclear Bank, Embassy of Japan in Thailand, Neighbouring Countries Economic Development Cooperation Agency (Public Organization) (NEDA), the Securities and Exchange Commission and the Stock Exchange of Srilanka, An advisor to the Ministry of Finance from Japan, etc.



THAIBMA ACTIVITIES 2016

**Two Days Professional Training Program
"Bond Market Analysis I" in Feb & Jun 2016**



**Press Relations Activities and
Corporate Social Responsibility
at Bann Moo Si School on Feb 28, 2016**



**Bond Market Update with ...
International Monetary Fund (IMF) on Mar 09, 2016**



**MoU Ceremony between ThaiBMA and Department
of Business Administration, Faculty of Social
Sciences, Srinakharinwirot University on Feb 23, 2016**



**ThaiBMA together with ICMA and BOT organized
a seminar "Basel III and its impact on the global
financial market" on Mar 04, 2016**



**ThaiBMA organized "Best Bond Awards 2015"
in order to honor issuers and financial institutions
on Mar 21, 2016**



THAIBMA'S ACTIVITIES 2016

Seminar for investors at the Stock Exchange of Thailand (SET) on May 25, 2016



"Bond Academy 2016" at Kasetsart University on Sep 16-18, 2016



Thai Investors Association visited ThaiBMA for a seminar regarding Bond Market in Thailand at ThaiBMA Headquarter on Sep 28, 2016



Seminar for Investors and Issuers at Southern Region Office, Bank of Thailand, Hat Yai District, Songkhla on Aug 25, 2016



"3rd ASEAN Fixed Income Summit" at Grand Ballroom Shangri-la Hotel Bangkok on Sep 19, 2016



Activities in Corporate Social Responsibility with Issuers and Market Participants at the Elephant World, Kanchanaburi on Nov 5-6, 2016



THAI BOND MARKET MOVEMENT IN 2016

Highlights

Despite a number of unpredictable external factors namely Fed's interest rate direction, BREXIT and US Presidential election, Thai bond market remains vibrant and continues to grow. In 2016, corporate bond issuance in the primary market reached an all-time high both in terms of amount and number of issuers. The secondary market was well-active, supported by strong foreign fund flows particularly during the first three quarters. Bond yields trended upward in reaction to rising US yields from concerns over the US economic policy under the new government.

I. Primary Market

The size of Thai bond market reached THB 10.86 trillion at the end of 2016, increased 8.41% from last year due to continued bond issuance from both government and corporate sectors.

On the government sector, THB 7,528.67 billion of the Bank of Thailand bonds were issued in 2016, increased by 41.58% from the previous year. The issuance of T-Bills amounted to THB 388.63 billion, dropping by 63.52%; while issuance of Government bonds totaled THB 574.99 billion, slightly declining by 6.85% from the previous year. New Issuance of State Owned Enterprise (SOE) bonds totaled THB 145.26 billion in 2016, decreasing by 2.51% from 2015.

On the corporate sector, issuance of long-term corporate bonds has made the highest record in the history, totaling THB 812.90 billion or an increase of 36.70% from last year. The number of issuers also reached the highest of 205 companies, compared with 156 companies in 2015. Issuance of commercial

paper (maturity less than 270 days) registered with ThaiBMA totaled THB 931.12 billion, or 8.29% higher than 2015.

Table 1: BOND ISSUANCE REGISTERED AT THAIBMA

Unit: THB Min			
Type	2015	2016	Growth (%)
Government Bond	617,322	574,995	-7%
Treasury Bills	1,065,416	388,632	-64%
State Own Enterprise Bond	149,001	145,256	-3%
Bank of Thailand Bond	5,317,305	7,528,672	42%
Long-term Corporate Bond	546,891	758,520	39%
Commercial Paper	859,709	931,123	8%
Foreign Bond	25,000	13,780	-45%
Total	8,580,644	10,340,978	21%

FIGURE 1: Issuance of long-term corporate bond by issue size (Registered & Non-registered)

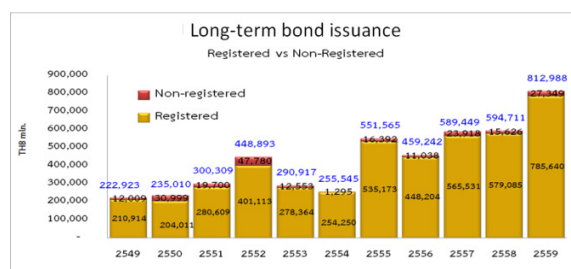


FIGURE 2: Issuance of in Long-term corporate bond by number of issuers (Registered & Non-registered)

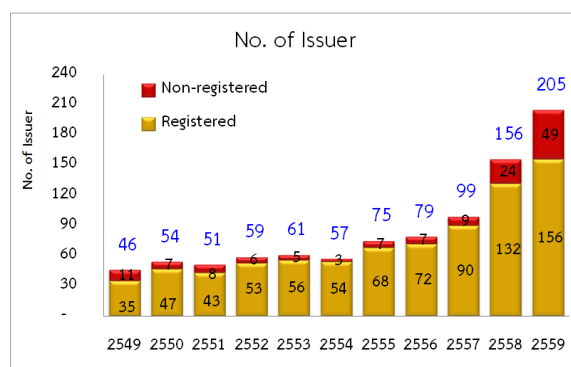
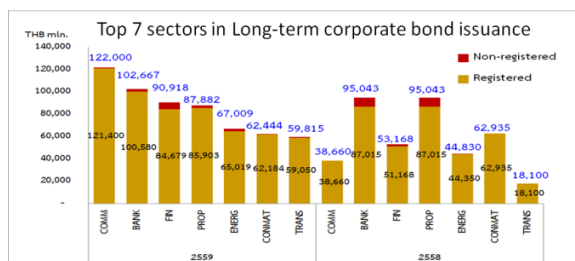


FIGURE 3: Top 7 sectors in Long-term corporate bond issuance



II. Outstanding Value of ThaiBMA Registered Bonds

Government bonds remained the largest segment with a total outstanding value of THB 4,015.81 billion, accounting for 36.95% of total. This was followed by THB 3,136.03 billion Bank of Thailand bonds (28.86%), THB 2,486.52 billion long-term corporate bonds (22.88%), THB 765.42 billion State-Owned Enterprise bonds (7.04%), THB 326.15 billion Commercial Paper (3.00%), THB 79.85 billion Foreign bonds (0.73%), and THB 55.73 billion T-bills (0.51%).

TABLE 2: THAIBMA REGISTERED BOND OUTSTANDING

Unit: THB Mln

Type	2015	2016	Growth
Government Bond	3,724,713	4,015,805	↑ 8%
Treasury Bills	187,702	55,732	↓ -70%
State Own Enterprise Bond	782,498	765,420	↓ -2%
Bank of Thailand Bond	2,823,487	3,136,029	↑ 11%
Corporate Bond	2,416,169	2,812,672	↑ 16%
-Long-term Corporate Bond	2,078,750	2,486,517	↑ 20%
-Commercial Paper	337,418	326,154	↓ -3%
Foreign Bond	88,474	79,845	↓ -10%
Total	10,023,042	10,865,503	↑ 8%

The largest portion of long-term corporate bond outstanding was in Energy & Utilities sector (16%), Banking sector (16%), followed by Commerce sector (12%), Property Development sector (11%), Construction Materials sector (8%), Food and

Beverage sector (8%), Financial and Securities sector (9%), and Others (20%).

The majority of corporate bond issuance in 2016 remained in A-rated category, representing 51.9% shares of total corporate bond issuance. This was followed by BBB-rated (16.2%), AA-rated (13.7%) and A-rated (10.6%). The issuance of non-rated bonds increased slightly to 6.1% from 5.3% last year amid strong demand from high networth investors. Overall, investment grade bonds (BBB- and above) accounted for 92.4% of total long-term corporate bond issuance in 2016. (See Figure 4 and 5)

FIGURE 4: CORPORATE BOND'S OUTSTANDING VALUE BY BUSINESS SECTOR (as of Dec 30, 2016)

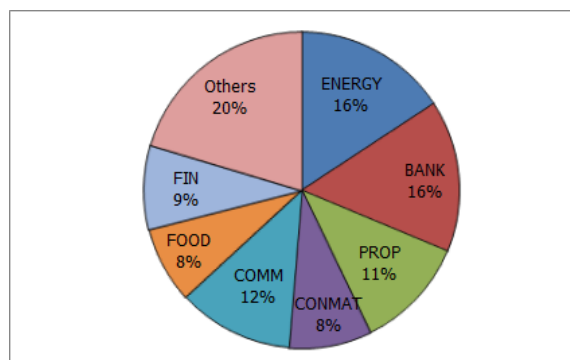
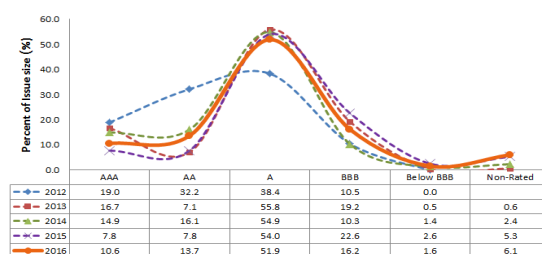


FIGURE 5: PROPORTION OF CORPORATE BOND ISSUER BY RATING



III. Secondary market

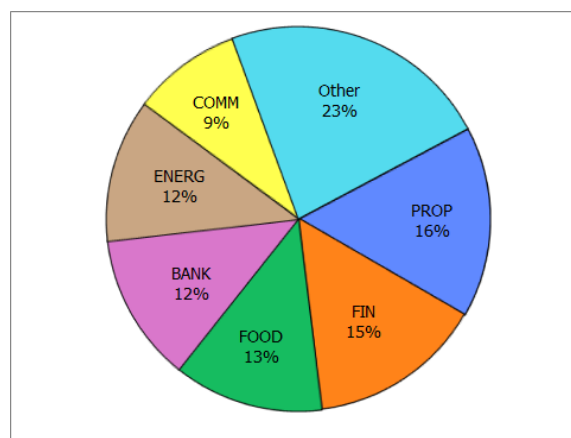
In 2016, total outright trading value was THB 22,409.45 billion, 14% higher than in 2015 (See Table 3). Trading activities in 2016 continued to concentrate in short-term Bank of Thailand bonds, accounted for THB 16,311.45 billion or 72.79% of the total outright trading value. Government bonds accounted for THB 4,260.84 billion, followed by THB 605.24 billion of long-term Corporate bonds, THB 564.62 billion of T-Bills, THB 451.62 billion of Commercial Paper, THB 193.69 billion of State-Owned Enterprise bonds, and THB 21.98 billion of Foreign bonds.

TABLE 3: THAIBMA OUTRIGHT TRADING AND OUTSTANDING VALUE (THB Mln) BETWEEN 2015& 2016

Type	2015		2016		% Change	
	Outright Trading	Outstanding	Outright Trading	Outstanding	Trading	Outstanding
Government Bond	4,605,344	3,724,713	4,260,841	4,015,805	-7%	8%
State Own Enterprise	244,728	782,498	193,686	765,420	-21%	-2%
T-Bills	1,360,925	187,702	564,616	55,732	-59%	-70%
Bank of Thailand	12,615,569	2,823,487	16,311,454	3,136,029	29%	12%
LT Corporate bond	496,354	2,078,750	605,242	2,486,517	22%	20%
Commercial Paper	311,333	337,418	451,622	326,154	45%	-3%
Foreign Bond	19,484	88,474	21,984	79,845	13%	-10%
Total Value	19,625,835	10,925,943	22,409,446	10,865,509	14%	8%
Total Value (TTM > 1 year)	6,525,785		5,565,709		-15%	
- No. of trading days	243		244		0%	
- Monthly Average	543,815		463,809		-15%	
- Daily Average	26,855		22,810		-15%	
No. of Outright Transaction	145,075		148,366		2%	
- Monthly Average	12,090		12,364		2%	
- Daily Average	597		608		2%	
Dealer Participation	42		40		-5%	

Total outright trading of long-term corporate bonds in 2016 totaled THB 605.24 billion or 2.70% of total outright trading value. The largest portion of corporate bonds outright trading value was in Property sector (16%), followed by Finance sector (15%), Food and Beverage sector (13%), Banking sector (12%), Energy sector (12%), and Commerce sector (9%). (See Figure 6).

FIGURE 6: CORPORATE BOND'S TRADING VALUE BY BUSINESS SECTOR, 2016



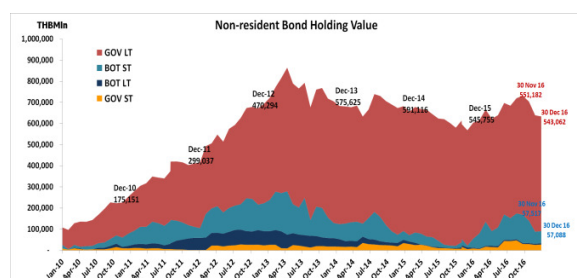
IV. Fund flows

Net foreign fund flows into Thai bond market were strong during the first three quarters of 2016, supported largely by BREXIT, Bank of Japan's negative interest rate policy, including attractiveness of Thailand's key economic fundamental. Accumulated net inflows during January to September 2016 totaled THB 167.39 billion. However, outflows of THB 105.31 billion were observed during the last quarter amid the US presidential election which raised global volatility. Nevertheless, total net inflows in 2016 remained positive at THB 62.07 billion. At the end of 2016, foreign investor holdings of Thai bond increased from THB 568,227 million last year to THB 633,500 million, comprising of 87% long-term bonds and 13% short-term bonds.

TABLE 4: Non-resident net flow in 2016 (Unit: THB million)

Period	Net Flow					Accumulation
	Net Trading	<=1Y Bond	Expired	>1Y Bond	All	
End of 2015	3,029	-1,377	-5,945	-31,152	-116,130	-116,130
Jan-16	37,845	-6,484	31,361	2,703	34,064	34,064
Feb-16	40,216	-15,598	24,618	-13,402	11,217	45,281
Mar-16	106,676	-52,637	54,038	-5,785	48,254	93,535
Quarter 1	184,737	-74,719	110,018	-19,489	95,826	139,361
Apr-16	7,469	-38,890	-46,859	3,849	-43,010	50,524
May-16	26,535	-9,583	16,952	489	17,441	67,966
Jun-16	76,242	-37,053	19,189	37,111	56,300	124,266
Quarter 2	94,808	-105,525	-10,718	41,449	30,731	124,266
Jul-16	6,226	-24,000	-17,773	4,483	-13,290	110,976
Aug-16	44,995	-21,315	23,680	17,440	41,120	152,096
Sep-16	24,416	-20,467	3,949	11,345	15,294	167,390
Quarter 3	75,637	-65,782	9,847	33,278	43,129	167,390
Oct-16	-19,850	-20,848	-40,698	10,821	-29,877	137,514
Nov-16	-43,640	-10,840	-54,480	-13,428	-70,000	67,508
Dec-16	5,280	-3,624	1,656	-7,092	-5,438	62,071
Quarter 4	-58,210	-35,412	-93,621	-11,698	-195,219	62,071
Year to date	296,972	-261,468	15,925	46,549	62,071	

FIGURE 7: Non-resident holding value in 2016



V. Yield Movement and the ThaiBMA Bond Index

Comparing with 2015, government bond yields at the end of 2016 increased in most tenors, except for that of less-than 1 year. The rise of bond yields was obviously driven as a result of the US presidential election and FOMC's rate hike signal during the fourth quarter.

The first quarter of the year saw a significant drop in bond yields across the curve due to sluggishness in the global economies, as evidenced by record-low oil prices and continuation of money easing policies in the EU and Japan. Short term bond yield (2Y) slipped by 19 bps whereas long-term bond yield (10Y) fell 80 bps.

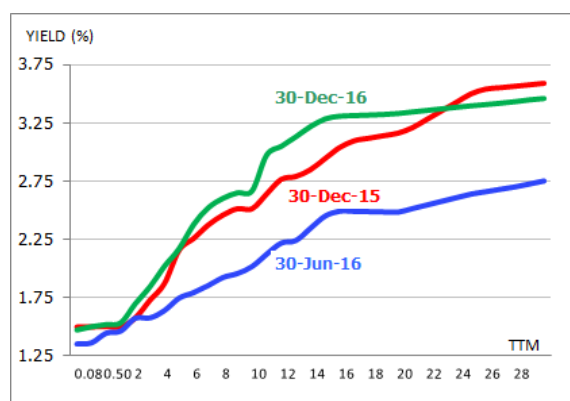
In the second quarter, government bond yields rebounded from Q1/16 although there were massive foreign capital flows into the bond market after the Brexit. Short-term bond yield (2Y) increased 19 bps while long-term bond yield (10Y) went up 31 bps from Q1/16.

In the third quarter, bond yields in most tenors continued to move upward due to the expectation of Fed's hiking rates. A significant rise in bond yields was seen in the last quarter, following the result of the US's election and FOMC's rate hike signal. At the end of Q4/16 short-term (2Y) and long-term (10Y) bond yields shifted upward to 1.70% and 2.67%

respectively. Overall, bond yield increased by 3-34 bps in 2016 except for 1M bond yield that decreased by 3 bps.

Time to maturity	2015	2016				Change from 2015 (bps)
		Q1	Q2	Q3	Q4	
1M	1.50	1.38	1.35	1.41	1.47	-3
1Y	1.50	1.39	1.46	1.50	1.53	+3
2Y	1.57	1.38	1.57	1.56	1.70	+13
5Y	2.16	1.50	1.74	1.79	2.17	+1
10Y	2.51	1.71	2.02	2.10	2.67	+16
15Y	2.94	2.12	2.45	2.52	3.28	+34

FIGURE 8: THAIBMA GOVERNMENT BOND YIELD CURVE MOVEMENT



At the end of year 2016, ThaiBMA government bond's **total return** bond index closed at 261.55, representing year-to-date return of +1.6%. Returns on ThaiBMA government bond index subgroup 1 (1-3 years), subgroup 2 (3-7 years), subgroup 3 (7-10 years), subgroup 4 (over 10 years) and subgroup 5 (less than 10 years) were 1.36%, 1.12%, 1.35%, 2.10%, and 1.55% respectively. Return on investment grade corporate bonds index was 2.51% in 2016.

VI. Market Liquidity

In 2016, the turnover ratio (outright transaction only) for all types of bonds was 2.06 times, increasing from the ratio of 1.96 times in 2015. In particular, the turnover ratio of Bank of Thailand bonds was 5.20 times, followed by Commercial Paper (1.38 times), Government bonds (1.06 times), Foreign bonds (0.28 times), State-Owned Enterprise bonds (0.25 times), and long term Corporate bonds (0.24 times).

The top five most active issues of Government bonds were LB206A, LB21DA, LB196A, LB176A and LB226A (*See Table 5*), whereas the top five most active State-Owned Enterprise bonds were GGLB16NA, GGLB189A, GGLB262A, GGLB20NA, and GGLB197A (*See Table 6*). With regards to long-term Corporate bonds, the top five most active issues were PTTEP296A, BAY174A, DTN207A, BAY193A, and THAI185C (*See Table 7*).

TABLE 5: TOP 5 MOST ACTIVE GOVERNMENT BONDS

Issue	Type/ Rating	TTM (Yrs.)	High Yield (%)	Low Yield (%)	Trading Value (THB Mln)	Turnover Ratio (%)	Last Trade Date
Government Bond							
LB206A	Loan Bond	3.49	2.06	1.96	629,749	3.35	30-Dec-16
LB21DA	Loan Bond	4.97	2.39	1.35	623,509	2.04	30-Dec-16
LB196A	Loan Bond	2.45	2.09	1.30	593,305	1.96	30-Dec-16
LB176A	Loan Bond	0.46	1.90	1.14	547,939	3.38	30-Dec-16
LB226A	Loan Bond	5.47	2.41	1.64	237,346	2.05	30-Dec-16

TABLE 6: TOP 5 MOST ACTIVE STATE OWNED ENTERPRISE BONDS

Issue	Type/ Rating	TTM (Yrs.)	High Yield (%)	Low Yield (%)	Trading Value (THB Mln)	Turnover Ratio (%)	Last Trade Date
State Owned Enterprise Bond							
GGLB16NA	Guaranteed	-	1.57	1.39	30,293	0.00	15-Oct-16
GGLB189A	Guaranteed	1.74	1.88	1.42	24,947	0.42	27-Dec-16
GGLB262A	Guaranteed	9.16	2.89	1.76	20,481	1.11	6-Dec-16
GGLB20NA	Guaranteed	3.91	2.25	1.47	12,648	0.45	20-Dec-16
GGLB197A	Guaranteed	2.57	1.79	1.61	9,472	0.38	28-Nov-16

TABLE 7: TOP 5 MOST ACTIVE LONG TERM CORPORATE BONDS

Issue	Type/ Rating	TTM (Yrs.)	High Yield (%)	Low Yield (%)	Trading Value (THB Mln)	Turnover Ratio (%)	Last Trade Date
Corporate Bond							
PTTEP296A	AAA	12.44	3.85	2.61	9,823	0.86	23-Nov-16
BAY174A	AAA	0.26	1.73	1.51	9,279	1.69	29-Dec-16
DTN207A	AA+	3.58	3.28	2.02	8,286	2.07	13-Dec-16
BAY193A	AAA	2.17	2.08	1.57	7,415	0.62	4-Nov-16
THAI185C	A	1.38	3.49	2.23	7,324	1.46	2-Dec-16

VII. Market Participants

In 2016, 79% of the total outright trading value came from transactions between dealers and their clients, whereas 21% was inter-dealer transactions. Major active investors were Asset Management Companies (48%), followed by Foreign Companies (FCO) (11%), Domestic Companies (DCO) (6%), Insurance Companies (3%), Non-Dealer Financial Institutions (NDL) (2%), Individuals (0.1%) and others (9%).

The top ten most active member dealers for outright trading with over 1 year maturity in 2016 comprised of Bangkok Bank Plc (12.38% of market share), Krung Thai Bank Plc (7.75%), The Hong Kong and Shanghai Banking Corporation Limited (HSBC) (7.02%), Standard Chartered Bank (7.00%), CIMB Thai Bank Plc (6.95%), Siam Commercial Bank Plc (6.45%), CITI Bank (6.22%), Kasikorn Bank PCL (6.16%),

TMB Bank Plc (6.12%) and KGI Securities Thailand Plc (5.06%). (*See Table 8*).

**TABLE 8: TOP 10 MOST ACTIVE MEMBER DEALERS
(Exclude < 1 Yr Bonds)**

Ranking	Dealers	O outright Trading Value (THB Mln)	Market Share
1	BBL	855,191.58	12.38%
2	KTB	535,853.22	7.75%
3	HSBC	485,405.35	7.02%
4	SCBT	483,912.76	7.00%
5	CIMBT	480,006.88	6.95%
6	SCB	445,379.58	6.45%
7	CITI	429,605.28	6.22%
8	KBANK	425,313.83	6.16%
9	TMB	423,010.77	6.12%
10	KGI	349,401.67	5.06%
	Other	1,996,815.22	28.90%
	Total	6,909,896.14	100.00%

Appendix

TABLE 1 : SIZE OF THAILAND FINANCIAL MARKET

Economic Indicator	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bank Loans – THB Billion %	5,738.38	6,221.76	7,368.65	7,661.66	8,591.43	9,812.50	11,075.00	12,140.77	12,872.00	13,218.00	13,789.98
Equities (SET mkt cap) – THB Billion **	5,078.70	6,636.07	3,568.65	5,873.10	8,334.68	8,407.70	11,831.45	11,496.76	13,856.28	12,283.00	15,079.27
Bond Market (net par) – THB Billion ***	4,201.97	4,888.18	5,085.98	5,868.67	6,754.66	7,111.69	8,580.00	8,991.80	9,287.29	10,023.00	10,848.83

Source : *Bank of Thailand, **SET, ***ThaiBMA

TABLE 2 : THAIBMA REGISTERED BONDS BY TTM (as of Dec 30, 2016)

Type of Bond	TTM (Yrs.)	Outstanding (THB Bln.)	# issue
Treasury Bills	0 - 5	50,732.00	6
	Total	50,732.00	6
Government Bond	0 - 5	1,794,921.82	24
	6 - 10	796,613.35	13
	11 - 15	532,370.00	5
	>15	891,899.98	11
	Total	4,015,805.15	53.00
State Agency Bond	0 - 5	3,106,515.79	58
	Total	3,106,515.79	58
State Owned Enterprise Bond	0 - 5	480,532.73	262
	6 - 10	190,947.00	135
	11 - 15	84,681.50	27
	>15	8,000.00	4
	Total	764,161.23	428
Long-term Corporate Bond	0 - 5	1,690,668.65	991
	6 - 10	664,600.82	195
	11 - 15	79,908.00	27
	>15	51,000.00	9
	Total	2,486,177.47	1,222
Commercial Paper	0 - 5	322,694.35	1,483
	Total	322,694.35	1,483
Foreign Bond	0 - 5	60,218.40	24
	6 - 10	17,735.30	8
	11 - 15	1,891.30	1
	Total	79,845.00	33

TABLE 3 : TOP 5 MOST ACTIVE REGISTERED BOND

Government		State Owned Enterprise		Corporate	
Issue	THB Mln.	Issue	THB Mln.	Issue	THB Mln.
LB206A	629,749.25	GGLB16NA	30,292.61	PTTEP296A	9,822.62
LB21DA	623,509.41	GGLB189A	24,946.70	BAY174A	9,279.39
LB196A	593,304.74	GGLB262A	20,480.74	DTN207A	8,286.45
LB176A	547,939.29	GGLB20NA	12,648.32	BAY193A	7,415.34
LB226A	237,346.24	GGLB197A	9,472.30	THAI185C	7,323.98
Total	2,631,848.93	Total	97,840.68	Total	42,127.78

TABLE 4 : THAIBMA GOVERNMENT INTERPOLATION YIELD (%)

Date	1 M	3 M	6 M	1 Y	2 Y	3 Y	5 Y	7 Y	10 Y	12 Y	15 Y	17 Y	20 Y	25 Y	30 Y
30-Dec-15	1.50	1.50	1.50	1.50	1.57	1.73	2.16	2.37	2.51	2.76	2.94	3.10	3.16	3.50	3.59
30-Dec-16	1.47	1.50	1.52	1.53	1.70	1.84	2.17	2.52	2.67	3.05	3.28	3.31	3.33	3.40	3.46
Change (Bps.)	-3	0	2	3	12	11	1	15	15	28	34	22	17	10	13

TABLE 5 : THAIBMA BOND INDICES

ThaiBMA Bond Indices (point)	2015	2016	Return (%)
Government Bond Index			
Clean Price	107.89	105.68	↓ -2.05
Gross Price	108.42	106.13	↓ -2.11
Total Return	257.42	261.55	↑ 1.60
Corporate Bond (BBB up) Index			
Clean Price	106.72	105.04	↓ -1.57
Gross Price	107.68	106.00	↓ -1.56
Total Return	214.36	219.74	↑ 2.51

TABLE 6 : BOND RETURN (%)

ThaiBMA Bond Indices (point)	Return (%) - compare	
	Between 2015 & 2016	
Government Bond Total Return Index	↑	1.60%
Maturity Sub Group		
Group 1 (1 < TTM <= 3)	↑	1.36%
Group 2 (3 < TTM <= 7)	↑	1.12%
Group 3 (7 < TTM <= 10)	↑	1.35%
Group 4 (TTM > 10)	↑	2.10%
Group 5 (TTM <= 10)	↑	1.55%
Investment Grade Corporate Bond Index	↑	2.51%

TABLE 7 : TURNOVER RATIO (as of 30 Dec, 2015& 30 Dec, 2016)

Turn Over Ratio (Times)	2015	2016	Growth (%)
Government Bond	1.24	1.06	↓ -14%
Treasury Bills	7.25	10.13	↑ 40%
State Own Enterprise Bond	0.31	0.25	↓ -19%
State Agency Bond	4.47	5.20	↑ 16%
LT Corporate Bond	0.24	0.24	↑ 2%
Commercial paper	0.92	1.38	↑ 50%
Foreign Bond	0.22	0.28	↑ 25%
Total	1.96	2.06	↑ 5%

FIGURE 1 : GOVERNMENT BOND'S OUTSTANDING BY YEAR TO EXPIRATION (as of Dec 30, 2016)

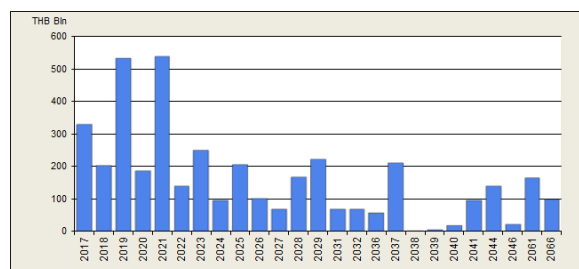


FIGURE 2 : LONG-TERM CORPORATE BOND'S TRADING & OUTSTANDING VALUE BY BUSINESS SECTOR (as of Dec 30, 2016)

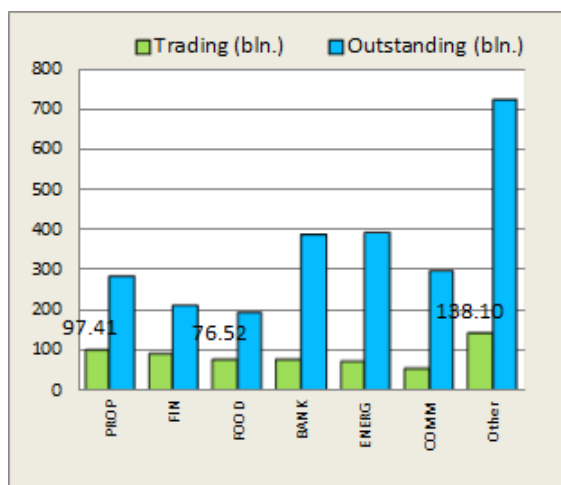


FIGURE 3 : COMPOSITION OF MARKET PARTICIPANTS (Quarterly)

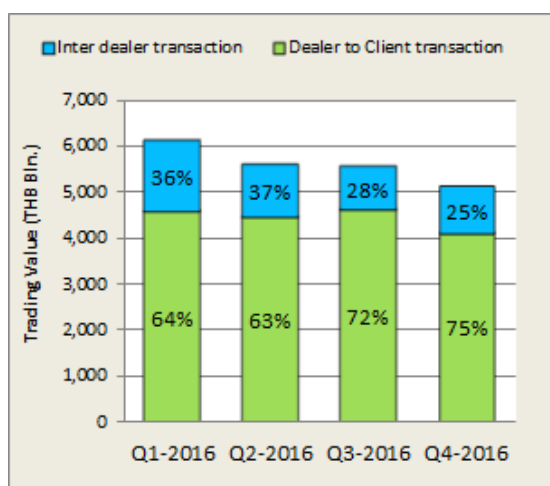


FIGURE 4: COMPOSITION OF DEALER TO CLIENT TRANSACTIONS

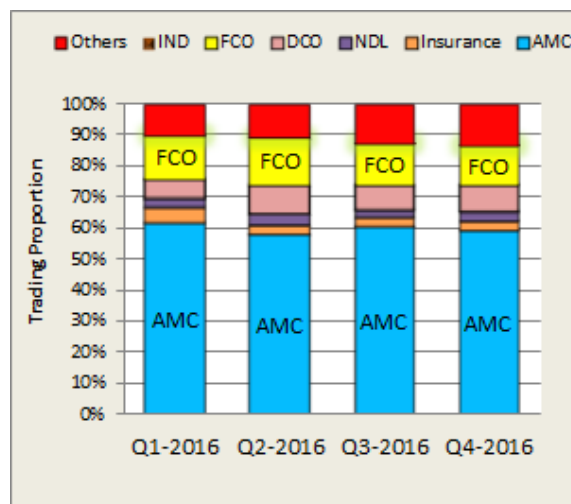
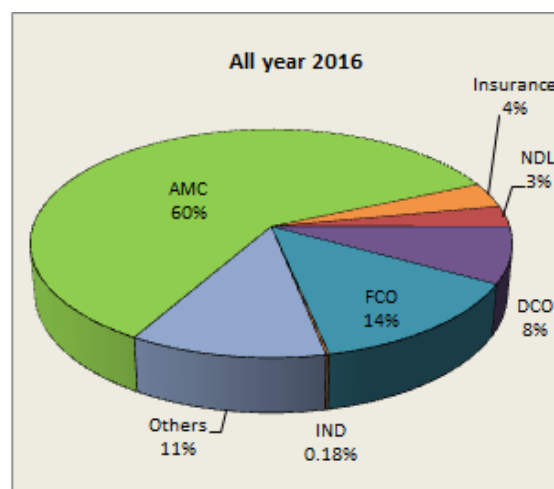


FIGURE 5 : COMPOSITION OF DEALER TO CLIENT TRANSACTIONS IN YEAR 2016



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THE THAI BOND MARKET ASSOCIATION

FINANCIAL STATEMENTS AS AT DECEMBER 31, 2016

REPORT OF THE AUDITOR

To The Board of Directors and Members of
 The Thai Bond Market Association

Opinion

I have audited the financial statements of The Thai Bond Market Association, (Association) which comprise the statement of financial position as at December 31, 2016, and the statement of income and expenditure, statement of changes in capital fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Thai Bond Market Association as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities.

Basis for Opinion

I conducted my audit in accordance with Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Association in accordance with the Code of Ethics for Professional Accountants that are relevant to my audit of the financial statements as defined by the Federation of Accounting Professions Under the Royal Patronage of his Majesty the King, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards for Non-Publicly Accountable Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Association ability to continue as a going concern, disclosing, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Association financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Association's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



(Mr. Peradate Pongsathiansak)

Certified Public Accountant

Registration No. 4752

Dharmniti Auditing Company Limited

Bangkok, Thailand

March 16, 2017

THE THAI BOND MARKET ASSOCIATION
THE STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

<u>ASSETS</u>			
		Baht	
	Note	2016	2015
Current assets			
Cash and cash equivalents	3	11,384,943.67	6,883,392.43
Current investments	2.13, 4	54,556,268.07	42,065,108.06
Other current assets		900,828.24	1,504,871.71
Total Current Assets		66,842,039.98	50,453,372.20
Non-current assets			
Long-term investment	2.5, 5	10,000,000.00	10,000,000.00
Investment in Private Fund	2.6, 6	598,843,457.87	529,814,650.86
Equipment	2.7, 7	27,680,108.61	5,117,717.41
Intangible assets	2.8, 8	1,295,275.46	1,332,624.51
Other non-current assets	9	2,337,729.96	2,108,300.00
Total Non-Current Assets		640,156,571.90	548,373,292.78
TOTAL ASSETS		706,998,611.88	598,826,664.98

Notes to the financial statements from an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION
THE STATEMENTS OF FINANCIAL POSITION (Cont.)
AS AT DECEMBER 31, 2016

<u>LIABILITIES AND CAPITAL FUND</u>			
		Baht	
	Note	2016	2015
Current liabilities			
Other payable	10	2,669,207.29	2,589,426.77
Deferred income	2.4, 11	8,993,500.00	3,781,583.33
Current portion of deferred annual fee			
of registered debt securities	2.3, 2.4	30,535,012.54	31,595,727.34
Other current liabilities	12	3,621,084.36	2,896,393.63
Total Current Liabilities		45,818,804.19	40,863,131.07
Non-current liabilities			
Deferred annual fee of registered debt securities	2.3, 2.4	56,576,013.40	41,388,326.63
Provisions for employee benefit	2.10, 13	7,110,804.88	98,675.41
Demolition provisions	2.7	3,264,390.00	686,555.00
Total Non-Current Liabilities		66,951,208.28	42,173,557.04
TOTAL LIABILITIES		112,770,012.47	83,036,688.11
Capital fund			
Donated fund		185,529,785.29	185,529,785.29
Initial capital fund from members	2.2	29,380,000.00	28,180,000.00
Accumulated fund		379,318,814.12	302,080,191.58
TOTAL CAPITAL FUND		594,228,599.41	515,789,976.87
TOTAL LIABILITIES AND CAPITAL FUND		706,998,611.88	598,826,664.98

Notes to the financial statements form an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION

STATEMENTS OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2016

		Baht	
	Note	2016	2015
INCOME			
Membership annual fees	2.3	6,673,856.82	6,595,218.02
Admission fees for registered debt instruments	2.3	55,848,250.05	43,494,418.74
Annual fees for registered debt instruments	2.3	41,746,630.65	35,388,620.61
Service fees for data provision	2.3	44,031,670.49	40,231,360.47
Training fees and book support		3,565,254.21	3,553,300.00
Examination fees, training fees and registration fees for registered traders		2,801,665.00	1,560,330.00
Earnings from investment in Private Fund	2.6, 6	29,028,807.01	5,738,402.46
Interest income		1,134,942.01	1,445,770.05
Other income		4,276,416.88	634,008.22
Total income		189,107,493.12	138,641,428.57
EXPENDITURE			
Data system expenses		2,844,447.47	2,869,411.58
Staff costs		73,828,147.51	61,350,631.56
Business development expenses		17,018,413.61	14,231,461.44
Administrative expenses		12,592,126.50	6,300,825.15
Depreciation		5,170,486.44	1,693,778.12
Amortization of computer software		415,249.05	333,037.05
Finance costs		-	20,008.00
Total expenditure		111,868,870.58	86,799,152.90
Income over (under) expenditure for the year		77,238,622.54	51,842,275.67

Notes to the financial statements form an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION

STATEMENTS OF CHANGES IN CAPITAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2016

	Baht			
	Donated fund	Initial capital fund from members	Accumulated Fund	Total
Note				
Balance as at December 31, 2014	185,529,785.29	27,560,000.00	250,237,915.91	463,327,701.20
Initial capital fund from associate member	-	620,000.00	-	620,000.00
Income over (under) expenditure for the year 2015	-	-	51,842,275.67	51,842,275.67
Balance as at December 31, 2015	185,529,785.29	28,180,000.00	302,080,191.58	515,789,976.87
Initial capital fund from associate member	-	1,200,000.00	-	1,200,000.00
Income over (under) expenditure for the year 2016	-	-	77,238,622.54	77,238,622.54
Balance as at December 31, 2016	185,529,785.29	29,380,000.00	379,318,814.12	594,228,599.41

Notes to the financial statements from an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	Baht	
	2016	2015
<u>Cash flows from operating activities :</u>		
Income over(under) expenditure for the year	77,238,622.54	51,842,275.67
Adjustment for :		
Depreciation	5,170,486.44	1,693,778.12
Amortization of computer software	415,249.05	333,037.05
Earnings from the reversal of the asset demolition provisions	(686,555.00)	-
Loss on write-off of assets	8,609.89	-
Gain on disposal of assets	(96,819.05)	(18,682.59)
Expenses (income) for employee benefits	7,012,129.47	51,084.39
Earnings from investment in Private Fund	(29,028,807.01)	(5,738,402.46)
Earnings from investment in mutual fund	(691,122.97)	(466,352.26)
Interest income	(443,819.04)	(979,417.79)
Finance cost From demolition provisions	-	20,008.00
Net profit from operating assets and liabilities	58,897,974.32	46,737,328.13
Current assets	604,043.47	(518,881.09)
Other non-current assets	(229,429.96)	(697,424.30)
Other payable	79,780.52	(1,726,900.43)
Deferred income	5,211,916.67	(264,000.00)
Other current liabilities	724,690.73	65,263.15
Deferred annual fees of registered debt securities	14,126,971.97	6,094,139.08
Net cash provided by (used in) operating activities	79,415,947.72	49,689,524.54

Notes to the financial statements from an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION

STATEMENTS OF CASH FLOWS (Cont.)

FOR THE YEAR ENDED DECEMBER 31, 2016

	Baht	
	2016	2015
<u>Cash flows from investing activities :</u>		
Purchases of current investments	(55,300,000.00)	(92,200,000.00)
Sales of current investments	43,500,000.00	59,000,000.00
(Increase) decrease in fixed deposits	(37.04)	44,998,051.50
Cash paid for long-term investment	-	(10,000,000.00)
Cash paid for additional investment in private fund	(40,000,000.00)	(50,000,000.00)
Proceeds from sale of fixed assets	97,729.93	18,691.59
Purchases of equipment	(24,478,008.41)	(1,535,351.59)
Intangible assets	(377,900.00)	(691,218.20)
Interest received	443,819.04	979,417.79
Net cash provided by (used in) investing activities	(76,114,396.48)	(49,430,408.91)
<u>Cash flows from financing activities :</u>		
Initial capital fund from member	1,200,000.00	620,000.00
Net cash provided by (used in) financing activities	1,200,000.00	620,000.00
Increase (decrease) in cash and cash equivalents, net	4,501,551.24	879,115.63
Cash and cash equivalents, beginning balance	6,883,392.43	6,004,276.80
Cash and cash equivalents, ending balance	11,384,943.67	6,883,392.43
Supplement disclosure of each flow information :		
Non - cash item		
1. Record the allowance for demolition as fixed assets	3,264,390.00	-

Notes to the financial statements from an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. GENERAL INFORMATION

(A) Legal status and address

The Thai Bond Market Association was established as a juristic entity on September 8, 2005, and granted the license by the SEC, registration number 4/2548, according to Articles 231 and 232 of the Securities and Exchange Commission Act B.E. (2535)

The address of its registered office is as follows

On April 1, 2016, the Association has moved its address to 900 Tonson Tower Building, 10th Floor, Ploenchit Rd., Lumpini, Patumwan, Bangkok from original 29 Vanissa Building, 21st Floor, Soi Chidlom, Ploenchit Road, Lumpini, Pathumwan, Bangkok.

(B) Nature of the operation

The Thai Bond Market Association was established following the resolution of the committee in charge of the infrastructure of the bond market under the Domestic Bond Market Development Steering Committee, Ministry of Finance, as a securities business related association under Article 230 of the Securities and Exchange Commission Act B.E. 2535. The main functions of the Association are to serve as a Self-Regulatory Organization (SRO) and to be an information center for the Thai bond market. It also plays functional roles on market development.

Objectives of the Association are as follows :

- (1) To be center of information of debt instrument market and to provide services of such information;
- (2) To promote and develop debt instrument market and to conduct debt instrument business;
- (3) To promote, develop and prescribe standard of procedures in conducting debt instrument business;
- (4) To supervise Members to comply with the rules and regulations, ethics and standard of procedures in the debt instrument market;
- (5) To promote and foster the research and education regarding debt instruments including providing professional views of the related subjects as well as to publicize and disseminate the information concerning the debt instrument market to the public;
- (6) To promote the relationship and cooperation among Members;
- (7) To compromise and resolve the dispute over conducting the debt instrument business between Members or between Members and the third parties;
- (8) To carry out activities for public benefits or work on other activities to satisfy the Association's foregoing objectives. The foregoing objectives are all non-political related.

THE THAI BOND MARKET ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

DECEMBER 31, 2016

(C) Data of membership

As at December 31, 2016 and 2015 membership of the Association consists of:

Type of member	Number of member	
	2016	2015
Ordinary Member	48	47
Extraordinary Member	4	4
Associate Member	1	2
Total	53	53

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with Thai Financial Reporting Standards for Non-Publicly Accountable Entities. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, regarding the financial statements presentation for association, issued under the Accounting Act B.E.2543.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Association. The financial statements in English language have been translated from the financial statements in the Thai language version.

In addition, the Association has applied some of Thai Financial Reporting Standards for Publicly Accountable Entities in the preparation of these financial statements as follows:

TAS 7 (revised 2015) Statement of Cash Flows

Some of Thai Financial Reporting Standards for Publicly Accountable Entities applied by the Association above are revised, and are effective for the fiscal year beginning on or after January 1, 2017 onwards.

The management of the Association believes that the Thai Financial Reporting Standards, which are revised above will not have any significant impact on the financial statements for the year when they are initially applied.

THE THAI BOND MARKET ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

DECEMBER 31, 2016

2.2 Recognition of initial capital fund

Revenue from the membership admission fees is recognized in full as initial capital fund upon membership application.

2.3 Recognition of revenue and expenditure

Revenue from annual membership fees is recognized based on the membership period.

Revenue from admission fees from registering debt instrument is recognized in full upon its registration.

Revenue from annual fees of registered debt instrument is recognized based on the maturity and not exceeding seven years.

Revenue from data provision is recognized based on the service period.

Interest income is recognized on an accrual basis.

2.4 Deferred income

Deferred income is realized to income by the straight-line method throughout the period of the agreement.

2.5 Long-term Investment

Long-term investment in debt securities and expected to be held to maturity, are accounted at amortized cost by the effective rate method.

The Association calculated cost of the securities by the weighted average cost method.

2.6 Investment in Private Fund

Investment in private fund is stated at the net asset value invested. Earnings from investment are recorded immediately as gain or loss in the statement of income and expenditure in that period.

Investment in private fund is an investment in trading securities and stated at fair value. The fair value of any listed equity securities are derived from the closing price of the Stock Exchange of Thailand, while the fair value of debt securities is calculated from the yield announced by The Thai Bond Market Association. The gain (loss) from investment valuation is recognized as unrealized gain (loss) and shown as earnings from investment in the current period.

THE THAI BOND MARKET ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

DECEMBER 31, 2016

Earnings from investment is recognized on an accrual basis as follows :

Interest income is recognized on an accrual basis.

Dividend income is recognized on the date eligible to receive.

Realized gain or loss from sales of investment is recognized as revenue or expense at the selling date. Cost of investment sold is calculated by the weighted average method.

Management fee and other expenses are recognized on an accrual basis and recorded as deduction from earnings of the periods.

2.7 Equipment/Depreciation

Equipment is stated at cost accumulated depreciation and allowance on decline in value (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation of equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives:

Furniture and fixtures	5 years
Office equipment	5 years
Computer and equipment	5 years
Vehicles	5 years

The Association has reviewed the residual value and useful life of the assets regularly.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided equipment under installation.

Equipment is written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of income and expenditure.

THE THAI BOND MARKET ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

DECEMBER 31, 2016

2.8 Intangible assets

Intangible assets are stated at cost less accumulated amortization and allowance on decline in value (if any). Intangible assets are amortized in the statement of income and expenditure on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are 5 years.

2.9 Using of Accounting Estimation

Preparation of financial statements in conformity with generally accepted accounting principles in Thailand requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

2.10 Employee benefits

Short-term employment benefits

The Association recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Association and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Association. The fund's assets are held in a separate trust fund and the Association's contributions are recognized as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Association has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and policy of the Association and other employee benefit plans (if any). The Association treats these severance payment obligations as a defined benefit plan and calculates post-employment benefits for employees who work for the Association until retirement.

THE THAI BOND MARKET ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

DECEMBER 31, 2016

2.11 Income tax

The Thai Bond Market Association has been registered as a securities business related association with the Securities and Exchange Commission to be a juristic entity under Article 233 of the Securities and Exchange Commission Act B.E. 2535 whose nature does not interpret as “juristic company or partnership” defined under article 39 of the Revenue Code. The Association is thus not enforced to pay corporate income tax.

2.12 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and deposits held at call at financial institutions.

2.13 Current investments

Current investments are stated at cost less allowance on decline in value (if any). Loss on decline in value (if any) such investments is recognized in the statement of income and expenditure.

Unit trust investments in marketable securities are stated at the fair value. The Association recognizes the change in the fair value of investment in the statement of income and expenditure.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :

	Baht	
	2016	2015
Cash on hand	9,801.50	11,066.75
Cash at banks - Savings accounts	11,374,142.17	6,871,325.68
Cash at banks - Current accounts	1,000.00	1,000.00
Total	<u>11,384,943.67</u>	<u>6,883,392.43</u>

Saving accounts bear interest at floating rates which are set by banks.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2016

4. CURRENT INVESTMENTS

	Interest rate (%)		Baht	
	2016	2015	2016	2015
Fixed deposits at banks (3-12 months)	0.09	0.90 - 3.50	4,128.45	4,091.41
Mutual fund T-CASH	1.13 - 1.26	1.48 - 2.45	52,341,683.47	40,541,683.47
<u>Add</u> Unrealized earnings from changing The value of assets			2,210,456.15	1,519,333.18
Total			54,556,268.07	42,065,108.06

The Association has classified the type of the temporary investment in the investment units as the trading securities and recorded the net unrealized gain (loss) from the measurement of fair value in the statement of income and expenditure for the years ended December 31, 2016 and 2015 amounting to Baht 691,122.97 and Baht 466,352.26, respectively.

5. LONG-TERM INVESTMENT

	Interest rate (%)		Baht	
	2016	2015	2016	2015
Saving Bond-Bank for agriculture and agricultural co-operatives (5 years period starting 23/01/2015 to 23/01/2020)	3.80	3.80	10,000,000.00	10,000,000.00
Total			10,000,000.00	10,000,000.00

6. INVESTMENT IN PRIVATE FUND

	Baht	
	2016	2015
Investment in private fund - beginning balance	372,000,000.00	322,000,000.00
<u>Add</u> Investment during the year	40,000,000.00	50,000,000.00
	412,000,000.00	372,000,000.00
Accumulated earnings on investment - beginning balance	157,814,650.86	152,076,248.40
<u>Add</u> Earnings from investment for the year	29,028,807.01	5,738,402.46
	186,843,457.87	157,814,650.86
Total investment in private fund	598,843,457.87	529,814,650.86

THE THAI BOND MARKET ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

DECEMBER 31, 2016

As at December 31, 2016 investment in private fund separated by fund manager consisted of :

	2016			
	Managed by TISCO	Managed by SCB ASSET	Managed by KASSET	Total
Investment (at fair value)				
(TISCO : at cost of Baht 288,214,867.13)				
(KASSET : at cost of Baht 295,011,578.25)				
Deposits at financial institutions	-	3,560,359.46	2,383,318.06	5,943,677.52
Equity securities	-	55,878,755.00	64,121,690.00	120,000,445.00
Bonds	-	161,026,043.21	168,864,007.88	329,890,051.09
Unit trust	-	23,123,920.00	-	23,123,920.00
Debentures	-	56,130,112.15	62,222,797.63	118,352,909.78
Total investment	-	299,719,189.82	297,591,813.57	597,311,003.39
Add Accrued interest income	-	758,686.75	944,251.34	1,702,938.09
Accrued dividend	-	64,202.00	-	64,202.00
Accounts receivable- sales of investments	-	-	751,687.94	751,687.94
Less Accrued expenses	-	(104,693.37)	(103,523.03)	(208,216.40)
Accounts payable - purchase of investments	-	(1,993.28)	(775,312.39)	(777,305.67)
Accounts payable - other	-	(851.48)	-	(851.48)
Net assets	-	300,434,540.44	298,408,917.43	598,843,457.87
Net assets:				
Fund brought forward include accumulated				
earnings/transfer	264,298,137.20	273,812,205.84	265,516,513.66	803,626,856.70
Contribution in the year	-	20,000,000.00	20,000,000.00	40,000,000.00
Earnings from investment for the year	9,514,068.64	6,622,334.60	12,892,403.77	29,028,807.01
Transferred from Tisco Asset Management Co., Ltd. to Siam Commercial Asset Management Co., Ltd.	273,812,205.84)	-	-	(273,812,205.84)
Total	-	300,434,540.44	298,408,917.43	598,843,457.87
Earnings from investment for the year:				
Income from investment net after expense	3,902,165.13	4,612,277.58	6,560,923.04	15,075,365.75
Gain(loss) on sales of investment	(263,230.10)	1,727,628.92	7,961,405.01	9,425,803.83
Unrealized gain(loss) on securities valuation	5,875,133.61	282,428.10	(1,629,924.28)	4,527,637.43
Total	9,514,068.64	6,622,334.60	12,892,403.77	29,028,807.01

Additional information: -

* The management of the fund has the details as follows:

1. Tisco Asset Management Company Limited managed the fund from January 1, 2016 to May 31, 2016.
2. Siam Commercial Asset Management Company Limited managed the fund from June 1, 2016 to December 31, 2016.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2016

As at December 31, 2015 investment in private fund separated by fund manager consisted of :

	2015		
	Managed by TISCO	Managed by SCB ASSET	Total
Investment (at fair value)			
(TISCO : at cost of Baht 202,143,761.74)			
(KASSET : at cost of Baht 259,711,254.11)			
Deposits at financial institutions	723,729.21	203,145.24	926,874.45
Equity securities	74,890,505.00	49,179,255.00	124,069,760.00
Bonds	141,782,453.61	158,628,283.54	300,410,737.15
Debentures	46,866,393.05	56,978,643.67	103,845,036.72
Total investment	264,263,080.87	264,989,327.45	529,252,408.32
<u>Add</u> Accrued interest income	621,037.82	1,068,138.10	1,689,175.92
<u>Less</u> Accrued expenses	(547,198.17)	(540,951.89)	(1,088,150.06)
Accounts payable - purchase of investments	(38,783.32)	-	(38,783.32)
Net assets	264,298,137.20	265,516,513.66	529,814,650.86
Net assets:			
Fund brought forward include accumulated earnings/transfer	235,939,613.51	238,136,634.89	474,076,248.40
Contribution in the year	25,000,000.00	25,000,000.00	50,000,000.00
Earnings from investment for the year	3,358,523.69	2,379,878.77	5,738,402.46
Total	264,298,137.20	265,516,513.66	529,814,650.86
Earnings from investment for the year:			
Income from investment net after expense	7,335,447.59	6,083,932.96	13,419,380.55
Gain(loss) on sales of investment	(3,202,056.11)	420,510.86	(2,781,545.25)
Unrealized gain(loss) on securities valuation	(774,867.79)	(4,124,565.05)	(4,899,432.84)
Total	3,358,523.69	2,379,878.77	5,738,402.46

THE THAI BOND MARKET ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

DECEMBER 31, 2016

7. EQUIPMENT

	Baht			
	Balance per book as at Dec. 31,2015	Addition	Deduction	Balance per book as at Dec. 31, 2016
<u>At cost</u>				
Office equipment	4,303,389.80	3,333,430.27	2,704,712.62	4,932,107.45
Furniture and fixtures	4,125,867.22	19,008,463.00	3,988,240.99	19,146,089.23
Computer equipment	24,310,048.36	2,401,505.14	10,746,579.66	15,964,973.84
Vehicles	1,610,000.00	2,999,000.00	-	4,609,000.00
Total	34,349,305.38	27,742,398.41	17,439,533.27	44,652,170.52
<u>Less Accumulated depreciation</u>				
Office equipment	4,053,302.64	605,032.32	2,695,815.80	1,962,519.16
Furniture and fixtures	4,232,913.12	2,666,125.08	3,988,208.99	2,910,829.21
Computer equipment	20,638,008.56	1,687,678.88	10,745,987.71	11,579,699.73
Vehicles	307,363.65	211,650.16	-	519,013.81
Total	29,231,587.97	5,170,486.44	17,430,012.50	16,972,061.91
Equipment - net	5,117,717.41			27,680,108.61
	Baht			
	Balance per book as at Dec. 31,2014	Addition	Deduction	Balance per book as at Dec. 31, 2015
<u>At cost</u>				
Office equipment	4,222,222.06	143,159.44	61,991.70	4,303,389.80
Furniture and fixtures	4,125,867.22	-	-	4,125,867.22
Computer equipment	22,917,856.21	1,392,192.15	-	24,310,048.36
Vehicles	1,610,000.00	-	-	1,610,000.00
Total	32,875,945.49	1,535,351.59	61,991.70	34,349,305.38
<u>Less Accumulated depreciation</u>				
Office equipment	4,002,029.45	113,255.89	61,982.70	4,053,302.64
Furniture and fixtures	4,132,779.12	100,134.00	-	4,232,913.12
Computer equipment	19,350,714.54	1,287,294.02	-	20,638,008.56
Vehicles	114,269.44	193,094.21	-	307,363.65
Total	27,599,792.55	1,693,778.12	61,982.70	29,231,587.97
Equipment - net	5,276,152.94			5,117,717.41
Depreciation 2016				5,170,486.44
Depreciation 2015				1,693,778.12

As at December 31, 2016 and 2015, equipment of the Association were fully depreciated but still in use, amounting to a total cost of Baht 9.39 million and Baht 23.32 million, respectively.

As at December 31, 2016, the Association has presented the list of purchased equipment and the equipment funded by the Ministry of financial to be included as the same item.

On April 1, 2016, the Association moved its office as mentioned in Note 1 (A); therefore, the Association has written-off some assets from its accounts at the cost of Baht 11.53 million and recognizing the reversal of such demolition provisions in other income in the statement of income and expenditure at the amount of Baht 0.69 million as the Association has no obligation to pay such demolition fee.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2016

8. INTANGIBLE ASSETS

	Baht			
	Balance per book as at Dec. 31, 2015	Addition	Deduction	Balance per book as at Dec. 31, 2016
<u>At cost</u>				
Computer software	62,467,069.04	377,900.00	-	62,844,969.04
Total	62,467,069.04	377,900.00	-	62,844,969.04
<u>Less Accumulated amortization</u>				
Computer software	61,134,444.53	415,249.05	-	61,549,693.58
Computer software - net	<u>1,332,624.51</u>			<u>1,295,275.46</u>

	Baht			
	Balance per book as at Dec. 31, 2014	Addition	Deduction	Balance per book as at Dec. 31, 2015
<u>At cost</u>				
Computer software	61,775,850.84	691,218.20	-	62,467,069.04
Total	61,775,850.84	691,218.20	-	62,467,069.04
<u>Less Accumulated amortization</u>				
Computer software	60,801,407.48	333,037.05	-	61,134,444.53
Computer software - net	<u>974,443.36</u>			<u>1,332,624.51</u>
Software amortization 2016				<u>415,249.05</u>
Software amortization 2015				<u>333,037.05</u>

As at December 31, 2016 and 2015, intangible assets of the Association were fully amortization but still in use, amounting to a total cost of Baht 60.81 million and Baht 59.61 million, respectively.

As at December 31, 2016, the Association has presented the list of purchased intangible assets and the intangible assets funded by the Ministry of Finance to be included as the same item.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2016

9. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of:

	Bath	
	2016	2015
Building deposit	1,344,600.00	1,168,200.00
Office equipment deposit	896,400.00	906,800.00
Others	96,729.96	33,300.00
Total	<u>2,337,729.96</u>	<u>2,108,300.00</u>

10. OTHER PAYABLE

Other payables consisted of:

	Bath	
	2016	2015
Other payables	345,519.71	789,183.34
Advance cheque paid	180,355.00	125,325.51
Accrued expenses	2,058,342.58	1,595,417.92
Others	84,990.00	79,500.00
Total	<u>2,669,207.29</u>	<u>2,589,426.77</u>

11. DEFERRED INCOME

Deferred income consisted of :

	Baht	
	2016	2015
Member ship annual fees	200,000.00	200,000.00
Membership fees of data system - iBond	8,099,500.00	2,146,500.00
Membership fees of data system - iRisk	367,500.00	1,190,000.00
Service fees - MTM	326,500.00	245,083.33
Total	<u>8,993,500.00</u>	<u>3,781,583.33</u>

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (Cont.)
DECEMBER 31, 2016

12. OTHER CURRENT LIABILITIES

Other current liabilities consisted of:

	Baht	
	2016	2015
Withholding tax	1,912,084.95	2,273,949.39
Revenue department payable	798,595.41	608,944.24
Accounts payable - retention	910,404.00	13,500.00
Total	<u>3,621,084.36</u>	<u>2,896,393.63</u>

13. PROVISIONS FOR EMPLOYEE BENEFIT

The details of provisions for employee benefit for the year ended December 31, 2016 and 2015 are shown as follows:

	Baht
Provisions for employee benefit as at January 1, 2015	47,591.02
Current service costs	<u>51,084.39</u>
Provisions for employee benefit as at December 31, 2015	98,675.41
Current service costs	<u>7,012,129.47</u>
Provisions for employee benefit as at December 31, 2016	<u>7,110,804.88</u>

The expenditure recognized in the statement of income and expenditure for the year ended December 31, 2016 and 2015 amounted to Baht 7,012,129.47 and Baht 51,084.39, respectively.

The Association has adjusted the estimation of the provision for employee benefit obligation. Previously, the estimation was calculated based on the number of staff with age of 51 or over. However, in 2016 the Association revised the estimation and since then the calculation is based on the total number of staff.

14. COMMITMENTS OF LEASE AGREEMENT

As at December 31, 2016 the Association has commitments of lease agreement as follows:-

- Office rental agreement on 10th Floor of Tonson Tower Building with BB TV EQUITY Co., Ltd. is for a period of 3 years from April 1, 2016 to March 31, 2019 with commitment to pay yearly rental fee, building equipment rental fee and common service fee amounted to Baht 8.96 million per annum.

THE THAI BOND MARKET ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

DECEMBER 31, 2016

As at December 31, 2016, the Association has an obligation to pay the rental fee, building equipment rental fee and common service fee under such agreement as follows:

	Million Baht
Payable within:	
1 year	8.96
More than 1 year to 5 years	11.20

15. AGREEMENTS OF PRIVATE FUND MANAGEMENT

15.1 The Association entered into the Private Fund Management agreement with TISCO Asset Management Co., Ltd. on March 7, 2006, and later on March 1, 2011 for the new agreement, Both agreements have a term of 1 years and agreement term will be automatically extended for 1 year at a time. Later, the Association terminated the agreement and transferred the personal investment to SCB Asset Management Co., Ltd. to be responsible for managing the private fund which is effective from June 1, 2016 onwards. The Association entered into the private fund management agreement with Siam Commercial Asset Management Company Limited on June 1, 2016. This agreement is effective from the agreement date and ends on May 31, 2019 for a period of 3 years and the agreement can be automatically extended for 1 year each. Such company has the duties and responsibilities in managing the private fund as specified in the agreement and to obtain the management fee as specified rate in the agreement.

15.2 The Association entered into the private fund management agreement with Kasikorn Asset Management Company Limited on February 22, 2011. This agreement is effective from the agreement date and ends on May 31, 2016. Later on May 25, 2016, the Association has entered into a new fund management agreement. This agreement is effective from June 1, 2016 and ends on May 31, 2019, and upon the maturity date, the agreement is said to be automatically renewed for 1 year each. Such company has the duties and responsibilities in managing the private fund as specified in the agreement and to obtain the management fee as specified rate in the agreement.

THE THAI BOND MARKET ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

DECEMBER 31, 2016

16. PROVIDENT FUND

The Association has established a provident fund for its employees. Such fund is monthly contributed by both the employees and the Association at the rates specified in the provident fund regulations.

The fund is managed by MFC Asset Management Plc.

During the year 2016 and 2015, Baht 3.15 million and Baht 2.41, respectively has been contributed to the fund by the Association.

17. CONTINGENT LIABILITIES

The Association has the contingent liabilities and the lawsuits as follows:

- (1) In 2011, the Association was sued by the contractor in accordance with the agreement with the Association on the termination without paying the compensation payment and other damages based on the prosecution value at the amount of Baht 29.5 million. The Central Labor Court dismissed the case and the plaintiff appealed to the Supreme Court in January 2012 and on March 11, 2016, the Supreme Court affirmed the judgment of the First Central Labor Court to dismiss the case.
- (2) In 2011, the Association filed a lawsuit with a former management of the Association on the grounds of violation and breach of contract with the call for damages amounting to Baht 19.5 million. The First Central Labor Court dismissed the case. The Association filed an appeal to the Supreme Court in December 2013 and on December 9, 2015, the Supreme Court sentenced to reverse the judgment by allowing the Central Labor Court to proceed the fact hearing whether the defendant had violated the plaintiff or not. The new trial is under consideration by the Central Labor Court.

On July 12, 2016, the Central Labor Court sentenced the defendant to pay the compensation amounting to Baht 2,953,333.68 with interest to the Association. The defendant did not make an appeal therefore the case has reached its final outcome. The Association received Baht 3,169,493.58 from the defendant on December 2, 2016. The amount was recorded in other income account in the statement of income and expenditure.

THE THAI BOND MARKET ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS (Cont.) DECEMBER 31, 2016

18. CLASSIFICATION IN THE FINANCIAL STATEMENTS

Some accounting transactions in the financial statements for the year ended December 31, 2015 are reclassified to conform with the reclassification for the current year with no effect on the statement of income and expenditure or statement of change in capital fund for the year.

19. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issue by the Board of Directors on March 16, 2017.